THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

July 26, 1941

Japan Installs a Cabinet of Militarists

An Editorial

Trading with the Nazi Enemy

Tasks of Japan's Cabinet

BY JOHN AHLERS

More K.M.T.-Red Friction

The Advance of China's Education System

By A Special Correspondent

VOLUME 97 PRICE 80 CENTS (in China) NUMBER 8

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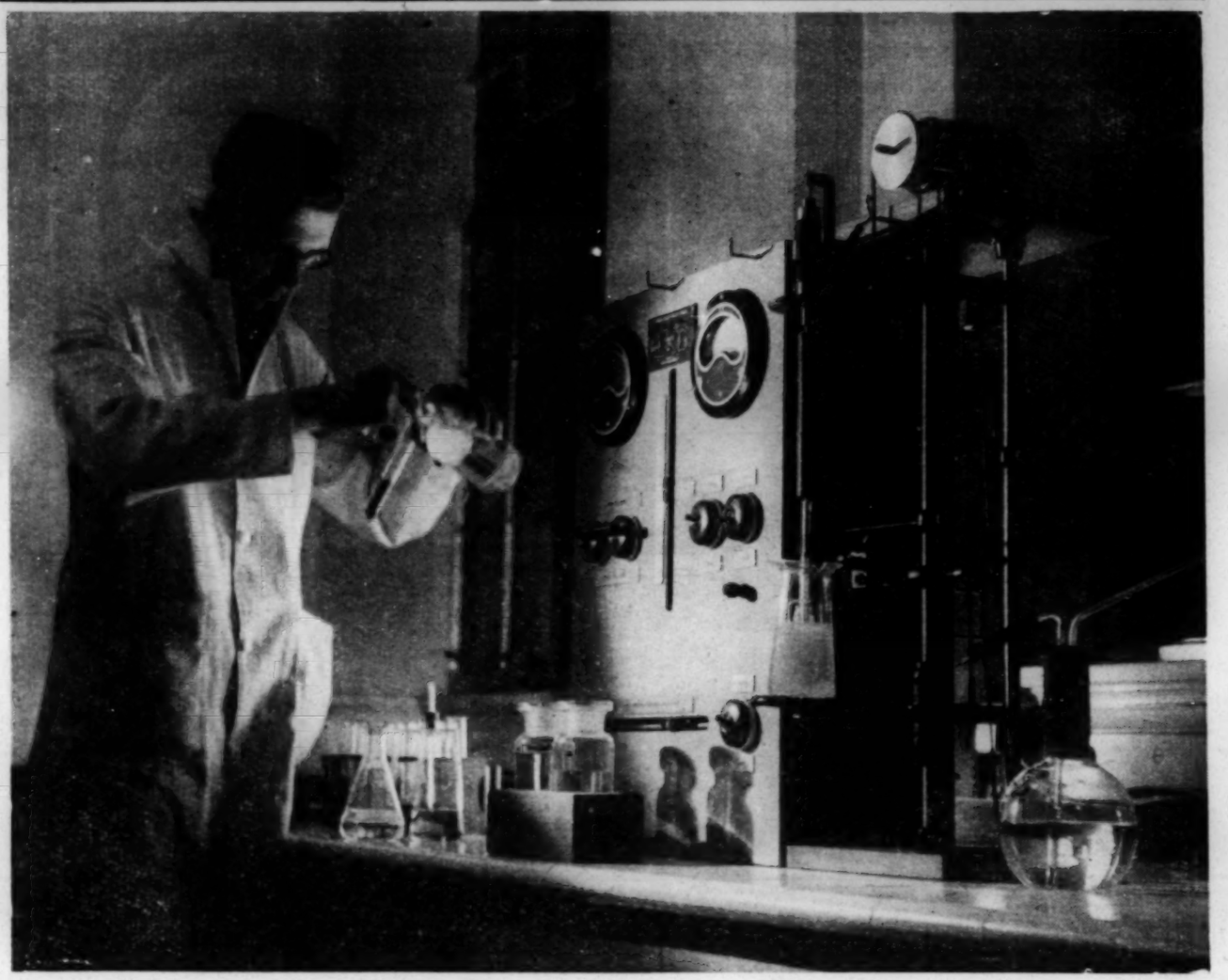

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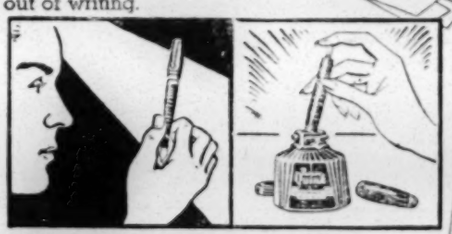

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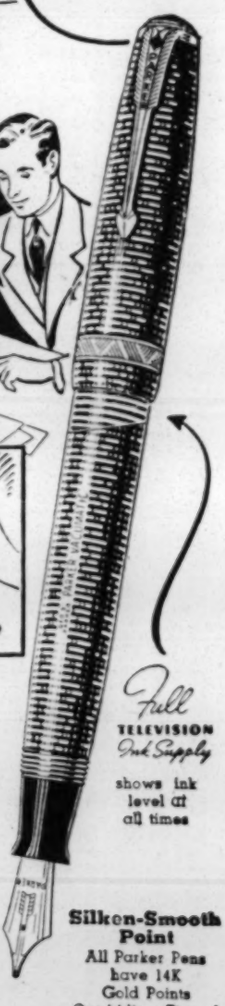

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

CHINA'S NEW POLICY

To the Editor:

When entering the fifth year of resistance war against Japan, China has made a fundamental change of her foreign policy. During the last four years China steadily adhered to the policy of "a single enemy," as enunciated in the "General Principles for Resistance and Reconstruction" which were adopted as early as April, 1938. China deliberately cultivated friendship and carefully avoided friction with every country except her invading foe. The policy was applied even to those countries which were in sentiment and action distinctly inclined to the side of her enemy.

But whatever patience and generosity China showed by perseverence in such a policy, which was easily construed as a sign of weakness, she still could not restrain the European aggressors from violating international laws and treaties they had entered into with her, and from insulting her further. Without any provocation on the part of China they openly recognized the bogus organization in Nanking which, as they know perfectly well, was and still is despised and condemned by the whole Chinese people. Compelled by a sense of justice and dignity, the Chinese Government had finally to break off diplomatic relations with these unfriendly powers and one of Germany's satellites—Rumania. The latter's unreasonable attitude toward China was no doubt inspired by the former.

This change of foreign policy by China is fundamentally important and may have far-reaching consequences, not only to China herself but to the world also. For she has thereby thrown herself into the whirlpool of the general combat against Hitlerism. As Japan is an Axis partner, the Sino-Japanese hostilities, from now on, will be no longer confined to the two parties concerned, but become a part of the general conflict between the Axis powers on the one side and the democracies on the other.

It is true that China is not yet in war with Germany and Italy, but the international situation may quickly develop in such a way as to involve China in direct conflict with Germany. For instance, if Hitler's hordes should ever be able to come over to Siberia, which we ardently hope will never happen, the province of Sinkiang will be at once menaced. China, as the military force among the democracies in the Far East, will have to deal with the Nazi armies single - handedly. If Japan strikes at the same time, which is quite certain, under the supposed circumstances, the situation will become graver.

In view of the greater responsibility and increased danger just incurred, China is entitled to insist on the following vital and urgent necessities. First, she must be helped by her friends sufficiently and rapidly so that she may be enabled to strengthen and enlarge her forces to meet the new situation. Secondly, she must not be left to fight alone, when the fighting happens. It is quite pertinent to ask whether the U.S.A. and Britain will take a more vigorous stand against Japan than hitherto, if China is again attacked by Japan on a large scale.

Mr. Quo Tai-chi, the newly-appointed Chinese minister of foreign affairs, recently declared that China had linked her fate with that of the other democracies. But in what way? He did not reveal it and so we do not know it yet. It is reasonable to trust that no appeasement policy toward Japan will be resorted to either by U.S.A. or by Great Britain, yet it still seems to us that neither of them is willing or ready to make a showdown with the Asiatic agggresor at present. If it were not so, it would be rather difficult to understand Mr. Quo's earnest plea, in his latest broadcast, for common action against the common enemy in the Pacific, while at the same time confirming the formation of the "Anti-Aggression Front."

Against the Japanese southward drive, some arrangements for naval action have already been made by U.S.A., Malaya, Australia and N.E.I. Is it not possible to extend the principle of coordination to all forms of warfare in all theaters of conflict? It is high time that all the forces of the anti-aggression powers should be solidly combined and that when moved at all they should be brought to bear in concert on their common enemies.

M. C. L.

Shanghai, July 14, 1941

WANG'S TOKYO TRIP

To the Editor:

Following his return to Nanking from a trip to Japan, Wang Ching-wei expressed his great gratification over the extravagant hospitality accorded him during his sojourn there and voiced his firm conviction that concrete assistance is being worked out by Japan in order to further strengthen his regime, politically and financially.

Official recognition of the Nanking regime by Germany, Italy and Rumania was no surprise, for China had been expecting such a move. The announcement of recognition by the Axis Powers after the conclusion of Wang's trip may be construed as answer to Wang's begging appeal, so as to enable the puppet chieftain, more or less, to get some consolation.

Ostensibly, Wang Ching-wei appeared to be given a sweet bait in his mouth. In fact, his regime has become merely a willing tool of the Japanese military. Moreover, he is deprived of freedom and real power and receives no actual assistance from the Axis powers. His begging appeal before his Japanese boss is only to be scoffed at by the nations

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS, WENDELL FURNAS,

HOH CHIH-HSIANG, *Assistant Editors.*

C. Y. W. MENG, S. T. HSIEH, *Correspondents.*

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PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA. YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, THIRTY-FIVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN, ADD $3.00 TO COVER EXTRA POSTAGE TO HONGKONG, SOUTH SEAS FIFTEEN DOLLARS STRAITS CURRENCY. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917. BY AIR-MAIL.. TO CHUNGKING AND ELSEWHERE IN WEST, NORTHWEST AND SOUTHWEST CHINA THE RATE, INCLUDING POSTAGE, IS $138.00 A YEAR OR $70.00 FOR A HALF-YEAR.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

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who are struggling against the aggressor for the exclusive purpose of securing national freedom and independence.

A. WANG

Shanghai, July 15, 1941

RAID ON CHENGCHOW

To the Editor:

Chengchow was raided again on July 7 after a lull of two months, the last air raid having occurred in May 7 of this year.

July the seventh was the fourth anniversary of the Lukouchiao Incident. Therefore the authorities of this city had taken precautions before the day. The whole day of July 7 no air-raid alarm sounded, but during the evening, perhaps quarter past six, the siren of warning cried suddenly. Five enemy airplanes were over the city while the alarm was still sounding. Must of the bombs were dropped inside and outside the southern city wall. The result was not bad, for only a few people and houses were killed and damaged.

During the time of bombing, people in the dugout scolded severely their enemy with a full hatred heart. You could still hear the fierce scolding while the signal of "all clear" was given. From this we know that the large bombs can only evoke the severe scolding, deep hating and the solid heart of our people to resist their enemy until they will really grasp the last victory.

READER

Chengchow, Honan,
July 10, 1941

THE NAZI-SOVIET WAR

To the Editor:

The Nazi-Soviet war is a turning point in world politics. It has altered the contours of the European conflict, which prior to June 22 was known as an imperialist war for the acquisition or retention of colonies and markets and increasing the painful life of the people. Now Nazi Hitler intends to defeat the U.S.S.R., to enslave the Soviet people, to seize Soviet war materials, to conquer all the world and to oppress all free nations. The U.S.S.R. has offered to conclude pacts with all countries during the past 24 years. She has no colonies, no spheres of interest, no aggressive designs on others.

The question is whether the free peoples of the world will be vanquished by the fascists. Everyone should unite against the fascists. As to our nation, China, we must continue the holy anti-Japanese war and continuously undertake anti-fascist enterprises.

Let all nations "conceived in Liberty and dedicated to the proposition that all men are created equal" unite together with the Soviet Union. If we strengthen the anti-fascist front, victory will be certain.

P.H.T.

Chieh Hu Chien, Shantung,
July 18, 1941.

AMERICAN STOCK AND COMMODITY QUOTATIONS

July 22, 1941

STOCKS

Amer. Locomotive	14½
Amer. Waterworks	5
Anaconda Copper	29¼
Bethlehem Steel	77¼
Chrysler	56½
Elec. Bond & Sh.	23⅜
Gen. Motors	39⅞
Goodyear T. & R.	19
Gt. Nthrn. Rly., pfd.	27⅜
Lockheed Aircraft	26⅞
Mont. Ward	37
N. Y. Central	13⅜
Texas Corp	43⅜
U. S. Steel	58⅞

COMMODITIES

New York Cotton, Oct.	16.76/77
New York Rubber, Sept.	22.30B/45A
New York Hides, Dec.	14.58/58
Chicago Wheat July	101½/101½
Chicago Corn, July	72⅝/72⅝
New York Sugar, No. 4, Sept.	1.22B/23A

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Demand Buying rate on N.Y. ... ... U.S.$1.	=Sh.$18.39	=Sh.$18.39	=Sh.$18.60	=Sh.$18.39	=Sh.$18.39	=Sh.$18.39
Demand Selling rate on London ... £1-0-0	=Sh.$74.56	=Sh.$74.56	=Sh.$74.56	=Sh.$74.56	=Sh.$74.56	=Sh.$74.56
Demand Buying rate on London ... £1-0-0	=Sh.$71.77	=Sh.$71.77	=Sh.$71.77	=Sh.$71.77	=Sh.$71.77	=Sh.$71.77

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Selling rate during July 18—23, 1941

Shanghai $100. equals Yen	22⅞	22½	22½	22½	22½	22½
Shanghai $100. equals Guilders	10	9⅞	9⅞	9⅞	9⅞	9⅞
Shanghai $100. equals Rupees	18	17⅞	17¾	17⅞	17⅞	17⅞
Shanghai $100. equals Pesos	10¾	10⅝	10½	10⅝	10⅝	10⅝
Shanghai $100. equals Hongkong $	21⅝	21⅜	21¼	21⅜	21⅜	21⅜

THE CHINA WEEKLY REVIEW
密勒氏評論報
中華郵政特准掛號認爲新聞紙類
Registered at the Chinese Post Office as a newspaper for transmission with special marks privileges in China

Vol. 97 Shanghai, Saturday, July 26, 1941 No. 8

JAPAN INSTALLS A CABINET OF GENERALS AND ADMIRALS

THOSE who elect to see in the retention of Prince Konoye as Premier of Japan a swing toward moderation in the policies of that country are destined to be greatly disappointed in the not distant future. A cold and sober analysis of the Cabinet changes which followed Prince Konoye's resignation on July 16 suggest all too clearly that Japan is being geared for war adventures the scope and exact nature of which have still to become apparent.

Out

Time photo.

Yosuke Matsuoka, Japan's former Foreign Minister, adopts the new semi-official military garb for civilians.

Elsewhere in this issue Mr. John Ahlers points the significance of some of the changes effected in the Cabinet shake-up The switches made in the heads of the financial and economic departments of the government, he shows, are intended to insure the tighter lacing of the whole social structure into a system of full war economy sufficiently rigid to withstand the shocks of campaigning on the grand scale. Industry and finance, more so than in the past, are to subserve war plans. And the people of Japan are to be made to tighten their belts still further.

Seven out of the fourteen members of the new Cabinet are generals or admirals. This fact alone is significant for Japan's future course. The inclusion of direct representatives of the great Mitsui and Sumitomo interests suggests the closeness of the concord which it is sought to bring about between the government (more correctly, the fighting services) and big business.

Ten of the old Cabinet members were retained in the new government line-up. Yosuke Matsuoka, the foreign minister, was the most prominent of those jettisoned. It was Matsuoka who led Japan into the Tripartite military alliance and then, to his misfortune, signed the non-aggression pact with Soviet Russia, never suspecting that Hitler was about to attack the U.S.S.R. There are indications that Japan's leaders have somewhat tired of dragging along at Hitler's coat-tails and being carried hither and yon at his whim. The installation of the new Cabinet may well mark a step toward greater independence in Japan's policy—though not any greater moderation.

The *Japan Chronicle* put the matter clearly in an editorial on July 19, the day after the new Cabinet was installed. Said the paper: "The supreme service the country expects from the new Cabinet is to keep on an 'even keel.' Prince Konoye must calmly keep in mind the harbor for which he is heading and refuse to be swayed or diverted by anything that other nations may do or propose to do. The part of wisdom for Japanese statesmanship is to view all events, not from the standpoint of other nations, but solely in relation to their effect on Japanese policy."

The paper continued even more pointedly: "Most pro-Japanese foreign statesmen are much more concerned with utilizing the activities of Japan for serving the interests of their own countries than with the interests of Japan. . .Japan will keep on an even keel and will refuse to be swayed by whatever action other nations want her to take or think she should take. It is the Japanese people who will bear the burden of any action. The soldiers will be called upon to make the supreme sacrifice. It is only natural that is should be up to Japanese statesmen to decide upon the course which we shall steer."

The entire Japanese press harped on the need for what was termed a "strong government." The day before the third Konoye Cabinet took office, the *Chugai*

The New Japanese Cabinet

Within 48 hours of his resignation, Prince Fumimaro Konoye completed the formation of his third Cabinet and it was formally installed in office, in the presence of Emperor Hirohito, on the evening of July 18. The new Cabinet has 14 members, as compared with 16 previously, and its full composition is as follows:

PREMIER AND CONCURRENTLY MINISTER OF JUSTICE: Prince Fumimaro Konoye.

MINISTER OF FOREIGN AFFAIRS AND CONCURRENTLY MINISTER OF OVERSEAS AFFAIRS: Admiral Teijiro Toyoda.

MINISTER OF HOME AFFAIRS: Mr. Harumichi Tanabe.

MINISTER OF FINANCE: Mr. Masatsune Ogura.

MINISTER OF WAR: Lieut.-Gen. Hideki Tojo.

MINISTER OF NAVY: Admiral Koshiro Oikawa.

MINISTER OF EDUCATION: Dr. Kumihiko Hashida.

MINISTER OF AGRICULTURE AND FORESTRY: Mr. Hiroyasu Ino.

MINISTER OF COMMERCE AND INDUSTRY: Vice-Admiral Masazo Sakonji.

MINISTER OF COMMUNICATIONS AND CONCURRENTLY MINISTER OF RAILWAYS: Mr. Shozo Murata.

MINISTER OF PUBLIC WELFARE: Lieut.-Gen. Chikahiko Koizumi.

MINISTERS WITHOUT PORTFOLIO: Lieut.-Gen. Heisuke Yanagawa, Lieut.-Gen. Teiichi Suzuki, Baron Kiichiro Hiranuma.

CHIEF SECRETARY: Mr. Kenji Tomita.

DIRECTOR OF THE LEGISLATIVE BUREAU: Mr. Naokai Murase.

PRESIDENT OF THE CABINET INFORMATION BOARD: Dr. Nobufumi Ito.

Shogyo, leading commercial daily in Tokyo, expressed the hope that Prince Konoye would be able to form a government that would be capable "not only of coping with the changing international situation, but also of bringing about strong leadership within the country." The most important question facing the country, the paper declared, was that of attaining national unity, for without it "Japan not only will fail to achieve the plan of establishing a prosperity sphere in East Asia, but will not even be able to solve the more immediate problems confronting the nation."

Political quarters in Tokyo, according to *Havas*, unanimously emphasized that the third Konoye Cabinet would be a real "wartime cabinet"—meaning a "strong formation able to weather the storm which, it is admitted, lies ahead." Initiative for the reconstruction of the Cabinet, according to this source, came from Prince Konoye himself, acting in concert with the fighting services.

Admiral Toyoda, the new foreign minister, is understood to be a close friend of Admiral Nomura, Japanese Ambassador in Washington who was sent to the United States on an appeasement mission when Japanese-American relations had become highly strained. This has led some to interpret his appointment to the Foreign Ministry as indication that the new government will attempt to placate Washington and perhaps reach a friendly agreement with the United States. In a cautious statement, Admiral Toyoda declared he could not yet say whether the policy of the new Cabinet would be identical with that of the preceding administration. He admitted there was a general impression that the new Cabinet would "attach importance" to the question of relations with the United States, adding that he could say nothing on that subject until he had consulted with the Premier and ministerial officals.

The *Japan Times & Advertiser*, mouthpiece of the Foreign Office in Tokyo, lashed out at the United States and Great Britain in an editorial on July 20, urging all East Asia nations to cooperate with Japan in order to strengthen Far East defenses against Anglo-American encirclement, plus the possibility of a Soviet attack on Manchukuo. The *Kokumin Shimbun* attacked the recent speech of Lord Halifax, British Ambassador to Washington, in which he declared before the Commonwealth Club in San Francisco that Britain and America have no desire to pick a quarrel with Japan.

"When and where," the paper demanded, "has any responsible Japanese expressed the wish to fight Britain and the United States?" It then went on to charge that the two countries were attempting to quarrel with Japan. Britain and the United States, it asserted, were gradually extending their encirclement of Japan by establishing bases from the Aleutian Islands to Singapore, by "hindering" Japan's economic negotiations with the Netherlands East Indies, by "blood transfusions" to Chungking, by cooperating with De Gaullist elements in French Indo-China, and by bringing pressure to bear on Thailand to prevent the latter from cooperating in the East Asia "co-prosperity" sphere.

Chungking's view of the new Japanese Cabinet was succinctly expressed by Dr. Quo Tai-chi, China's foreign minister, who in a statement to *United Press* warned that the new government had been so constructed as to obtain the last possible benefits from Britain and America before Japan finally strikes at her ultimate objectives in the Far East. Noting the record number of army and navy members in the Cabinet, Dr. Quo said it was the opinion of Chinese experts on Japanese affairs that the third Konoye Cabinet was an interim, semi-military organization designed to make full preparation for Japan's contemplated military move. When preparation was complete and Japan ready to strike, the Cabinet would give way to a real military government with a military figure at the head of it.

The usefulness of the new Cabinet, he went on, was that while it was an essentially military Cabinet, it could continue under Prince Konoye to appear before the world as a more or less civilian government, thus enabling Japan to extract the last possible benefits from American and British circles who advocate a policy of "strengthening Japan's moderates," in reality a policy of appeasement.

A Chungking Foreign Office spokesman seconded his chief's remarks. The new Japanese Cabinet, he said, appeared conservative only on the surface, and he felt sure the Japanese would take a military step in the near future. The fact that the Japanese militarists selected Prince Konoye as premier again, instead of a more aggressive personality, and retained most of the important members of the old Cabinet, led to the formation of a "water bird" administration. This is a Japanese expression, he said, which indicated calm on the surface but great activity underneath.

China's New Foreign Minister Arrives

Dr. Quo Tai-chi, China's new Foreign Minister, arrived in Chungking on June 27 following a notable air-trip from Great Britain, where he had served as Ambassador. Dr. Quo is shown alighting from the camouflaged CNAC plane and on the right is shown at the welcoming reception at the Chungking airfield when more than 200 high officials, foreign diplomats and newspapermen greeted the new Foreign Minister. Dr. Wang Chung-hui, retiring Foreign Minister, is standing at the left. Dr. Quo is third from the left.

The London *Daily Telegraph* said that the inclusion of seven generals and admirals in the reconstructed Cabinet showed that the militarists had won the day and that Japan may be on the eve of a new foreign adventure. The dropping of Yosuke Matsuoka as foreign minister might not indicate a coming breach with Soviet Russia the paper opined, but a desire to loosen Japan's ties with the Axis which Matsuoka had taken so prominent a part in strengthening.

An editorial in the Scripps-Howard papers in the United States declared that "terrorists are really in the saddle" in Japan and that the politicians in the Cabinet are merely "fronts" for the militarists and terrorists. Observers in Manila, according to *Reuter*, believe that Japan will move southward to French Indo-China in a few weeks, picking up such strategic points as Camranh Bay, which Japan believes can be taken without provoking any action by Britain and the United States.

Discussing possible alternative Japanese moves, Chungking observers, according to *Reuter*, declare that following the reorganization of the Cabinet Japan may take one of three courses: blockade Vladivostok and

invade Siberia; seize southern French Indo-China, at the same time bringing increased pressure on Thailand; invade China's Yunnan province for the purpose of cutting the Burma highway.

The new Japanese Cabinet held its first meeting immediately after its installation in office on the evening of July 18. On the following afternoon, the Supreme War Council met at the official residence of the war Minister, Lieut.-Gen. Hideki Tojo. This latter meeting was notable for the fact that it was attended by "Princes of the Blood," including Field Marshal Prince Kotohito Kanin, Field Marshal Prince Marimasa Nashimoto, General Prince Yasuhiko Asaka, and General Prince Naruhiko Higashi-Kuni.

Very clearly something is in the wind. The coming days or weeks will reveal exactly what it is.

All Shanghai Inconvenienced Due to Japanese Fear of Terrorists

THE Imperial Japanese Army and Navy forces have been in exclusive control of the Hongkew, Yangtszepoo and Chapei sections of Shanghai, and have shared control of the western suburban sections of the city with their puppet Nanking authorities for more than four years.

But despite this control, exercised by the military forces and their auxiliaries, including Consular Police, Gendarmes and the so-called Special Service Section, a sort of secret police, the entire city of Shanghai was again inconvenienced for several hours last week because someone connected with the Japanese navy became excited and fired a revolver shot into the air.

Immediately the Japanese military forces ordered barricades placed across all bridges on Soochow Creek and for several hours all transportation across these important thoroughfares was stopped. The worst situation prevailed on the busy Shanghai Bund where long lines of trucks laden with merchandise worth millions of dollars, long lines of private motor cars carrying busy persons and many thousands of men, women and children were delayed over the noon hour merely because the Japanese military became frightened. A foreign doctor, who happened to be in Hongkew, was prevented from crossing the the bridge despite the fact that he had several patients awaiting him in the French Concession. Several persons, including physicians, were prevented from visiting the General Hospital—just to mention a few cases of inconvenience caused by the action of the Japanese military in barricading the bridges.

Losses suffered by business as a result of the Japanese action must have been enormous; there was the delay of the trucks and resulting idleness of chauffeurs and laborers employed in the transportation of valuable merchandise; there was the delay caused in dozens of mills by failure to receive raw materials which were being transported across the bridges in both directions; and there was the matter of inconvenience and losses suffered by hundreds of persons in one way or another as a result of being delayed on one or the other side of the bridges.

The announced reason for the Japanese action would be humorous, were it not for the losses and embarassment suffered by the community generally, including the Japanese themselves. Since the reports appearing in all of the local newspapers were similar, it is assumed that they were issued from Japanese official sources. The report stated that the Japanese had received information that "five terrorists were planning to visit a house at Sing-King-li, Hongkew." This startling information—that a dangerous band of armed terrorists was planning to visit a house in Hongkew—was given to the Japanese authorities by a Chinese who was employed by the Japanese Navy, presumably a spy. While the Chinese informer was at the Japanese gendarmerie headquarters on North Szechuen Road, he *thought* he saw the terrorists walking along the street. He immediately drew his revolver and fired into the air, presumably to warn the Japanese navy people against a dastardly attack by five terrorists. It was claimed that one of the dangerous marauders was captured before the Imperial Navy suffered any damage to persons or property, but this didn't prevent orders being issued to close all the bridges, resulting in all transportation between important sections of a busy city being suspended in the busy hours of the day.

It should be mentioned that there were two shooting affairs elsewhere in the city that morning, (July 21) but neither apparently had anything to do with the Japanese Navy's fit of jitters resulting from a report by an excited Chinese spy or "fifth columist" in Japanese employ. One involved the murder of Wang Teh-chow, a 35-year-old member of the Nanking Peace Preservation Corps stationed at Sungkiang, a city on the Shanghai-Hangchow Railway a few hours out of Shanghai. The Nanking official was killed by a lone gunman, who fired there shots into the puppet official as he was leaving his residence in Lane 51, Route de Grouchy, French Concession early in the morning. The French police reported that the assailant had been wounded and arrested later in the day as he tried to escape through the barrier at the end of Ave. Haig. It was stated that the murdered official had arrived in Shanghai recently in order to escape terrorists who had allegedly attacked and murdered other members of his family in Sungkiang. A French Annamite policeman was also wounded when the murderer attempted to run through the barricade.

The other shooting occurred on Jessfield Road in the western "badlands" area, also on Monday morning, July 21. The victims were a man and wife, Mr. and Mrs. Koh Chih-du, natives of Anhwei province, who operated a small shop at Lane 832 Ni-Kai-zah, Jessfield Road. The shopkeeper dealt in pigs' intestines, used in sausage-making. According to the police report three armed men entered the shop and killed the man and his wife, following which they ran away, presumably without any interference by the new Western District Special Police Force.

The fact that the shopkeeper was a dealer in a product which recently has been subjected to racketeering taxation and extortion on the part of the Nanking authorities, suggested a possible motive for the outrage.

Another murder, which aroused widespread indignation on the part of the public, involved the shooting of Foreign Probationary Sergeant V. B. Simagin, a Russian, employed in the Police Department of the International Settlement. Simagin was shot in the back of the head and killed almost instantly by a Chinese gunman, who rode up behind the policeman on a bicycle. The assassin escaped. Simagin is survived by a brother and sister residing in Shanghai. The large number of persons who attended his funeral at Bubbling Well Cemetery on July 19 attested to the high regard in which he was held.

While no public report has been issued by the police authorities, it was thought that Simagin's murder was connected with the shooting which occurred several weeks ago when a car driven by armed bodyguards and carrying the wife of Woo Su-pao, head of the notorious gangster headquarters at 76 Jessfield Road, attempted to rush the barricade at the end of Bubbling Well Road,

without submitting to search as is customary. When the bodyguards failed to stop the car, an American policeman on duty fired and killed both bodyguards. As a result of this action, Woo Su-pao distributed a circular in the badlands, which allegedly contained a threat that he would "get" two foreigners connected with the Bubbling Well police station. It was thought that the Russian policeman was killed by gangsters connected with the Jessfield Road hangout.

That open warfare has again broken out in the badlands was indicated on July 17, when an "inspector," connected with the Jessfield Road hangout, was shot and seriously wounded by several assailants who escaped. The victim of the assault was connected with a wharf and transport "tax" bureau.

It also was reported that a well-known Chinese Christian, previously connected with a foreign mission, named Dr. Lo Yung-yen, was kidnapped by gangsters connected with the Nanking Government. It was reported that he was taken to Nanking for questioning, due to the fact that Dr. Lo allegedly had once served as a member of the National Legislative Yuan. He was kidnapped at his home, 5 San Yi Fang, Jessfield Road.

There was another mysterious shooting at a Chinese taxi-dance place, known as Mee Koo May, on Yu Ya-ching Road, on the evening of July 19. A Portuguese employe and two patrons of the place were wounded when three armed terrorists opened fire after attempting to throw a bomb on the dance floor. The terrorists entered the ballroom and apparently made a demand for money and when refused threw two bombs, which failed to explode. It was thought the incident had political significance as one of the gangsters left a note on a table reading, "Remember the July 7 incident."

Men connected with the Nanking regime entered the headquarters of the Chinese Ratepayers Association at 59 Hongkong Road, International Settlement on July 18. The gang, which entered the rooms through a window, contained several Japanese. After rifling filing cases, they changed the lock on the door and departed. A previous attempt to raid the premises last March was blocked by the Municipal Police.

FOUR GAMBLING HOUSES OPERATING, OTHERS OPENING SHORTLY

Proof that the moral wave in the badlands area was short lived was indicated this week when four large Japanese-protected, Chinese-operated gambling houses continued in operation, despite several raids conducted by Commissioner C. C. Pan of the new Special Police Force. The places which are operating are, St. George's Garden on Yu Yuen Road; a large apartment on Tifeng Road, which allegedly is managed, but not owned, by the "Lone Frenchman" who claimed he had "retired" from the gambling business. Two other places, one in Lane 532 Yu Yuen Road and the other at 150 Edinburgh Road are also operating. All are said to be owned and controlled by the political syndicate which dominates the Western District and heads up, ultimately, in the headquarters of President Wang Ching-wei at Nanking. All of the resorts, which had been closed, resumed operation while Mr. Wang was in Tokyo and have remained open since his return.

The frequent raids on gambling houses in the badlands area, according to well informed circles, are merely racketeering activities by gangsters, or by factions within the police establishment. A new gambling house, recently opened on Columbia Road, in Shanghai's best residential district, was operated by former employes of Farrens, who were out of work due to the closure of several weeks ago. All of the paraphernalia was said to have been taken from Farren's establishment. The new place on Columbia Road was closed by the Special Police resulting in heavy losses for the promoters, according to the report. It was said, however, that several other places were scheduled to open shortly. Other gambling houses in the Ziccawei and Nantao districts have never been closed.

SIX CHINESE DIE FOR EVERY ONE BORN IN SHANGHAI

An Editorial

WE wonder how many Shanghai residents study the periodical reports of the Public Health Departments of the two foreign-controlled areas of this city. They are published month by month, with annual reports covering 12-month periods. With regular consistency they reveal the alarming decline in local health standards. Their statistical tables show tendencies which indicate the progressive wiping out of the Chinese population.

How many people, for instance, are aware of the fact that the incidence of tuberculosis, which is essentially a disease of poverty, has increased 800 per cent in the French Concession since the commencement of Sino-Japanese hostilities four years ago? The mortality rate from the white plague is terrific, and it is growing by leaps and bounds. The International Settlement presents a similar picture. And this is only one disease.

The June report of the Commissioner of Public Health of the International Settlement records 636 Chinese births in that month. When we turn to the mortality side of the ledger, we find that 3,920 Chinese died from all causes during the same period, and of this number 2,117 were castaway corpses abandoned in alleyways, on the streets and in vacant lots.

On the basis of these figures, six times more Chinese are dying than are being born. It is to be doubted whether a similar proportion (or disproportion) of deaths to births can be found in any other city in the world. At this rate, the Chinese population will be enormously reduced in the course of a few years.

Main causes for the alarming mortality rate: Overcrowding in filthy premises jammed together like rabbit warrens. These "homes" mostly lack sanitary conveniences, are sunless and airless.

Growing poverty and undernourishment due to the high cost of living, the decline of the currency, inadequacy of earnings.

Filthy streets and alleyways.

The amazing thing is that more people don't die. Shanghai, after four years of the Sino-Japanese war, furnishes an advance picture of what Europe will be like when the present holocaust ends. It may be that way already.

VICHY SAID ACQUIESCING IN INDO-CHINA OCCUPATION

As this issue of The Review went to press, reports reached Shanghai that the Vichy Government had capitulated before a 24-hour Japanese ultimatum demanding complete occupation of French Indo-China by Japanese troops.

In London on Wednesday Mr. Anthony Eden, British Foreign Secretary, bluntly warned Japan "to keep her hands off Thailand," United Press reported. The same agency declared that Britain and the United States, after detailed discussions, had reached complete agreement on steps to be taken in the event of Japanese occupation of French Indo-China.

The Japanese agency Domei, in a dispatch from New York, declared that President Roosevelt had completed preparations for enforcing "total economic sanctions" against Japan in the event of any change in the Far Eastern situation. The measures would include "freezing" of Japanese assets in the United States, an embargo on exports of oil to Japan, and halting of purchases of gold from the Japanese Empire.

Britain and America Trade With the Enemy, Sell Petroleum and Industrial Diamonds to Nazis

WHENCE come the great supplies of gasoline and other petroleum products necessary to keep the mechanized Nazi war machine in action? The war has been in progress almost two years, but there is still no sign that the German juggernaut is faltering for lack of liquid fuel and lubricants. It was known that Germany had laid in large stocks of petroleum before the war, but these were believed by the opponents of Nazism to have been largely dissipated by the campaigns in Scandinavia, the Low Countries, France, Jugoslavia, Greece. For replenishment the Germans had to rely on their own coal liquefaction plants, the Rumanian oil fields, and on such limited supplies as could be procured from the Caucasus in terms of the Soviet-German trade pact. These sources supplied only a part of German needs. The Soviet source of supply is now cut off, but the Nazi juggernaut plunges on, consuming hundreds of thousands, if not millions, of gallons of gasoline and lubricants daily. Where is it coming from?

An answer to this question, in part, is supplied by the New York publication *In Fact*, which in its June 16 issue adduces weighty evidence to show that the Standard Oil Company and British interests are engaged in selling and delivering fuel and lubricants to the Nazis. It is the old story of trading with the enemy, familiar during World War I. Technically, of course, the United States is not at war with Germany and there is, therefore, no "enemy." Nevertheless, the United States is committed to a policy of all-out aid to Britain. This being so, it is more than strange that Standard Oil should be permitted to fuel and lubricate the Nazi war machine.

BRITAIN ISSUES THE NAVICERTS

Stranger still—and this is another assertion made by *In Fact*—Standard Oil gets British navicerts for the oil which it is shipping to the Axis powers.

In Fact is a four-page weekly with a circulation of 750,000 published by George Seldes, a well-known American journalist. From 1920 to 1929 he was in Europe, writing dispatches for the *Chicago Tribune* in which he reported on Italian fascism and the facts regarding Hitler's rise to power. In 1937 he was reporting from war-torn Spain for the *New York Post*. The facts which Mr. Seldes has presented can be allowed to speak for themselves.

"Last week (that would be the last week in May, 1941) the union crew of the Standard Oil tanker H. M. Flagler was paid off in New York for refusing to sail a cargo of oil from Carapito, Venezuela, to Halifax (a belligerent port) without a 50% war bonus. Union crew members informed the National Maritime Union that they had received the war bonus on two previous trips, February and May, from Carapito to Teneriffe, in the Canary Islands. Teneriffe is technically a neutral port, being Spanish. It is here that the German and Italian tankers come to fill up with American and British oil.

SHIPPING OIL TO BOTH SIDES

"Following testimony before the Senate Foreign Affairs Committee by the National Maritime Union president, Joseph Curran, who charged that British as well as American oil was transhipped to Hitler from Franco Spain, Representative John M. Coffee (of Washington) said in the House: 'Right now Standard Oil (Rockefeller) subsidiaries are carrying gasoline to both sides in the European war. They carry supplies to Britain, to Japan and to Spain. In the latter country they are reshipping to Italy and Germany .... The Standard Oil tanker Libby recently made a trip to Cartagena in Colombia where she loaded up with oil which she took to Freetown, West Africa, for British use. Having pumped out this oil at its destination the Libby raced back to Venezuela, where at Carapito she loaded another cargo which she took to the historic and beautiful harbor of Teneriffe in the Canary Islands,

The Lubricating Agency

Washington Evening Star.

Some public commentators blame the U. S. oil industry for selling petroleum to Japan, but the international service station attendant, as the cartoon shows, is none other than Secretary of State Cordell Hull. As pointed out in the accompanying article, both ends of the Axis are being lubricated with American oil.

a possession of the Spanish Fascist state. Here the cargo of oil was transferred to tankers, one flying the Nazi flag of Germany and the other the emblem of Fascist Italy. Teneriffe in the Canary Islands is a very busy port these days. Standard Oil tankers are pulling in and out in regular order. When the W. H. Libby departed from the port, there were eight Italian and German tankers awaiting the opportunity to load cargoes." (*Congressional Record*, Feb. 19, 1941).

According to Seldes, a correspondent of *The Nation* in Washington was informed by the Department of Commerce that U. S. oil shipments to Spain were running 300,000 barrels monthly. Contracts between U.S. oil companies and Spain call for 900,000 more tons a year than Spain used before the war. Yet Spain has only a small fraction of its cars in use now, gasoline is rationed and sells at $1.50 a gallon. Spain obviously is not using the increased shipments. They are going to the Axis.

AXIS SHIPS WAIT IN TENERIFFE

Joseph Curran, says Seldes, alleges that British and Norwegian as well as U.S. ships are taking the oil to Spain. He obtained his information from crew members who take the tankers to Spanish ports. Seldes then continues:

"There are about 50 or 60 tankers in the South Atlantic oil trade, mostly owned by U.S. companies under Central American registry. There is no regular run in the oil business; a crew never knows in advance whether it is shipping to South Africa, Halifax or Bayonne. Sometimes a tanker leaves a harbor and

anchors outside the breakwater to wait for sailing orders.

"Teneriffe, which is one of their principal destinations, is popularly assumed by seamen to be a German submarine base. Selwyn James, now of *PM's* foreign staff, reported before the war that Teneriffe was being fitted as a submarine base, and noted that the Spanish navy included few submarines. Dozens of big, new storage tanks were built at Teneriffe immediately after Franco, with German and Italian help, won the Spanish civil war. Seamen have reported seeing as many as 15 German and Italian tankers in Teneriffe harbor at one time."

MR. ROCKEFELLER'S INTERNATIONALISM

What is the attitude of the American oil magnates to this trading with the enemy? Seldes quotes E. B. Lyman, Standard Oil's publicity director, as saying: "First of all you must understand that we are an international company and must keep an international viewpoint. . . .As a general rule we sell to anyone who wants to buy and can pay for it." And Walter S. Farish, president of the Standard Oil Company of New Jersey, is quoted as having said in a speech to stockholders on June 3, 1941 that foreign sales (of oil) were made by foreign subsidiaries of Standard Oil and had to continue if these firms were to exist.

Stockholder Lewis Gilbert asked about shipments to the Canary Islands. Farish replied: "It is not likely that the British navy would approve such shipments to Germany. Oil is shipped by us to the Canary Islands but it is transferred by the British. If any of it is getting to Spain, for example, it is with England's approval." In other words, as Seldes comments, "Standard gets British navicerts for oil shipments to the Axis."

It is only too well known that the United States has been and is the main source of supply of the petroleum products used by the Japanese war machine. Equally well known is the fact that American oil shipments go to Japan with the full knowledge and consent of the Administration in Washington. The figures tell the story. Between 1936 and 1939, Japan's petroleum imports from the United States were constant, totalling just over a million barrels a year. In 1940 they jumped nearly 200 per cent to three million barrels and in the first three months of 1941 were nearly four times as much as in the comparable period of 1940. Japan is getting petroleum from the United States equal in amount to the annual output of the fields in Iraq.

LUBRICATING THE AXIS

Now it transpires that both the Asiatic and European ends of the Axis are being lubricated with American oil, with the British assisting handsomely at both ends. On July 16, President Roosevelt placed on an official blacklist 1,800 Latin American firms said to be acting as agents for the Axis. No article on the export control list may be exported to such firms except in special circumstances. The firms themselves will be treated as though they were nationals of Germany and Italy, and the executive "freezing" orders applied to their operations. The list may be extended to include firms in the Far East. Dispatches reporting this latest move to halt trading with the enemy did not disclose the names of any of the firms placed on the blacklist. It is obvious in the light of the foregoing facts, however, that the United States is and will remain an important partner in the aggressions of the Axis so long as petroleum can freely be shipped to Spain, the Spanish-owned Canary Islands, and to Japan.

The quandary in which Washington and the British find themselves is easy to understand and from it emerges the familiar shadow of appeasement. Spain is not yet in the war and the British are most anxious to keep that country in its non-belligerent status unless they can win Franco for the British cause. So American and British oil interests send petroleum to Spain and Spanish possessions (Franco might get angry if they cut off the supply and attack Britain's Gibraltar) and Britain issues the navicerts to insure that the cargoes arrive—knowing full well that their final destination is Germany or Italy. It is the same in the Far East. Both Britain and America want to keep Japan from actively assisting the Axis powers in Europe by going on a rampage in this part of the world. Japan must have petroleum. If American supplies were cut off, Dai Nippon would have to try and grab the Netherlands East Indies. So the Chinese population is expected to grin and bear the fact that it is being slaughtered by Japanese bombs dropped from planes serviced with American petroleum. The people of Britain's cities similarly must grin and bear the fact that British and American gasoline is helping to keep the Nazi Luftwaffe in the skies over England.

But if the lessons of recent history mean anything at all, such sorry appeasement tactics will fail of their purpose in the end. Neither Spain nor Japan will abstain from the war one moment longer than suits them. Their policies are and will be determined by stronger stuff than petroleum, by vital issues bound up with the great game of power politics. Their orientation is definitely pro-Axis. When the time comes—if it does—they will cast in their lot unreservedly with the Axis. Meanwhile, they are taking all they can get from Britain and America. And to insure that they will continue getting it, they utter dark threats of what they will do if their supplies are cut off.

In the three months prior to Italy's entry into the European war in June, 1940, Great Britain issued navicerts for shipment of 1,000,000 tons of British oil and 250,000 tons of U.S. scrap-iron to Italy—in the hope of keeping Mussolini from entering the war on the side of Germany. Instead of appeasing Mussolini and keeping Italy out of the war, Great Britain armed an opponent and hastened his entry into the conflict. Judging by what the British and Americans are doing now in the case of Spain and Japan, the lesson of Italy has passed over their heads.

DIAMONDS FOR NAZI INDUSTRIES

Oil is not the whole story of current democratic "trading with the enemy." From the June 9 issue of *In Fact* we learn that Germany's supply of industrial diamonds also is coming from British and American sources. For eight years Germany has been developing synthetic materials, but for one commodity, without which German industry could not exist, there is no *ersatz:* diamonds. Diamonds are used in the manufacture of important machine tools. Machine tools are the bottleneck of the munitions industry. Diamonds are the bottleneck of the machine tool industry. Diamonds are needed for drilling, for turning and polishing, for machining gears. Diamond dies are used for drawing copper wire. The auto industry, which is the biggest customer for industrial diamonds, uses them for truing emery wheels. The Ford Motor Company buys U.S.$500,000 of industrial diamonds a year.

Says *In Fact:* "The British Diamond Syndicate is the world's most austere and thorough-going monopoly. At the outbreak of war German industry was estimated to have a six months' supply of diamonds. When German machine shops continued to turn out machine tools six months later, it was apparent that industrial diamonds were still finding their way into Germany

from the cool, dignified offices of the British Diamond Syndicate at 8 Charterhouse St, London.

SYNDICATE MOVES TO NEW YORK

"About 90% of the world's diamonds are produced in South Africa. The British Syndicate owns about a third of the mines, has an interest in most of the rest, and has a selling contract with all of them. J. P. Morgan & Co, through Anglo-American Corp; the Guggenheim interests, through a Belgian corporation; the Portuguese government and the South African government are represented in the Syndicate but it is controlled by Sir Ernest Oppenheimer and a handful of Englishmen. Before the war, rough diamonds were mailed by parcel post from South Africa to London, sorted and sold at a fixed price to brokers who took them to Amsterdam and Antwerp for cutting and polishing. Most Belgian and Dutch diamond merchants have now arrived in the U.S. The offices of the Syndicate, *In Fact* has learned, were recently tranferred from London to Rockefeller Center (in New York City). June 15 a new Diamond Club will open in the Salmon Tower in N.Y., which will replace all other diamond markets in the world.

"Everyone in the diamond business knows that diamonds for Germany are sent openly to South America and from there to Dakar by the Italian Lati air line, which is still functioning. Gems go to Germany by the same route for polishing, payment being made in industrial diamonds so no foreign exchange is necessary. Since there is a high tariff on polished diamonds from Germany, they are sent to Lisbon and trans-shipped. There are two German diamond importing firms in N.Y."

BRISK TRAFFIC IN CERTIFICATES

Are the British authorities aware of this contraband trade which is keeping the Nazi machine tool industry running? *In Fact* states that a gigantic racket, dealing in British certificates of necessity and navicerts, has grown up around the traffic, comparable to the "pass" rackets in Japanese-occupied territories in China:

"Diamond merchants report a brisk traffic in British certificates of necessity for shipments from Lisbon, although a few small shipments have been sequestered for the duration of the war by the British in Bermuda. Belgian brokers now in Buenos Aires have boasted to Americans in the diamond business that it is possible to make several million dollars in Lisbon in a few months from dealing on the open market in British certificates of necessity and navicerts."

In Fact goes on to show why the British Diamond Syndicate is so interested in the German business: "Only about 15% of the Syndicate's profits come from industrial diamonds, but it sells gems and industrials in the same parcel, which brokers must buy intact. As a result of the boom in machine tools, the price of industrials is the highest in history. The Syndicate's interest in Germany is not only because Germany is a good customer. Before the war the cutting and polishing of diamonds was gradually shifting from Antwerp to Germany because of blocked marks and low German labor costs. The most incongruous aspect of the diamond business is that the gigantic profits of the Syndicate have always been based on the $4-a-week pay of South African diamond miners, confined within electrified barbed wire, and the $6-a-week pay of 30,000 cutters and polishers in Antwerp and Germany. Now, though some large diamonds are being cut in N.Y., almost all small diamonds are cut in Germany. The Syndicate not only gets high prices for the (industrial) diamonds it sells Germany, but also pays virtually nothing for expert cutting and polishing. For the Syndicate, trading with the enemy is immensely profitable."

SYNDICATE TOO POWERFUL TO BUCK

According to *In Fact's* information, the Syndicate is so powerful that the British Ministry of Economic Warfare finds it difficult to do anything about this trafficking with the enemy by the Empire's millionaires: "In the 1920's the government of South Africa attempted to buck the Syndicate, but when the diamond market broke in 1927 it was obliged to go on its knees to the Syndicate to get enough money for ordinary government expenses. Since then the Syndicate has had no trouble with government officials. The Boer War was fought at the Syndicate's behest, and the heads of the Syndicate are powers in the British Tory Party, which still runs Britain."

American concerns are in league with the Syndicate in the conduct of the diamond trade with Germany. *In Fact* quotes the anti-fascist newsletter *The Hour* as revealing (May 24) that Germany recently sent large quantities of diamonds and other stones to America, that American firms are marketing them, thus giving the Nazis foreign exchange (since blocked, however, by President Roosevelt's "freezing" order). "Among those U.S. concerns most actively involved is the Pioneer Import Corp. located at 157 Chambers St, N.Y.C. Pioneer has large deposits on banks in Berlin; German banks are advancing handsome sums as 'loans' to Pioneer."

ONCE AGAIN—TRADING WITH THE ENEMY

Trading with the enemy was common in World War I. While millions of Englishmen and Frenchmen were dying on the fields of Flanders in the war against Germany, food and metals were shipped to Germany from Britain and the United States via Scandinavian countries. Other materials were exchanged via Switzerland. British and American capitalists made fortunes from the business. When America entered the war Bernard Baruch was made head of the War Industries Board. The Board threatened to stop food shipments to starving Scandinavian nations if they shipped war supplies to Germany.

Wrote Admiral Consett, British naval attache in Scandinavia: "We followed America and an uninstructed observer might be excused for supposing that the blockade of Germany was undertaken by England at America's suggestion. Supplies to Germany gradually fell away until in 1918 they dried up. The blockade was two and a half years late." Documentation: Admiral Consett's "The Triumph of Unarmed Forces."

War historian Hillaire Belloc said of Consett's confession that a complete blockade would have ended war in 1915 or 1916: "No replies are possible to the facts alleged. They have not been denied. They are true. . . .The Great War could have been won in 15 or 20 months if the British naval power had been employed by the politicians and their financial supporters to blockade the enemy. The politicians, working on behalf of commercial and financial interests, decided otherwise. . . .Whoever in the second half of the war has lost a son or a brother or a husband can blame the politicians, or the men of wealth whom they obey. . . . It is history."

It seems that history is repeating itself.

NEW NIPPON CABINET TO TACKLE FINANCIAL, ECONOMIC ISSUES

BY JOHN AHLERS

EVEN if Japanese Foreign Minister Yosuke Matsuoka had not failed to anticipate the Soviet-German war and to grasp the reason why he secured so easily Stalin's signature to the Soviet-Japanese Neutrality Pact; even if the pro-German faction in Japan had not attempted to induce the Konoye government to take immediate pro-German action—that Government would still have had to undergo a reshuffle for economic and financial reasons. As it was, last week's reorganization of the Konoye cabinet was brought about by politics, but was seized upon as a welcome opportunity to bring about a new line-up in the direction and planning of economic and financial policies. Aside from Mr. Matsuoka's replacement by Admiral T. Toyoda in the position of foreign minister, the re-distribution of economic and financial portfolios is the most remarkable feature of the fourth Konoye cabinet.

Only one of the economic and financial ministers with whom Prince Konoye a little more than a year ago formed his now defunct second Government still remains in office. This exception is Shozo Murata, former president of Japan's second largest shipping concern, the Osaka Shosen Kaisha, and a fine expert with an excellent one-year ministerial record. He is one of his country's extremely few big business men who made good in ministerial office. As minister of communications, he kept Japan's mercantile shipping going throughout a trying period of unprecedented shortage of bottom space in our part of the Pacific Ocean. True, there developed bottlenecks and a lot of goods could not be shipped that ought to have been shipped to and from Japan; ship repairs were delayed and vessels loaded beyond the allowances of the load-lines. But all really vital shipments were successfully effected, and Japanese shipping rates in Japan's so-called near-seas areas remained comparatively the lowest in the Pacific.

This accomplishment of Murata's is the more remarkable because it was accompanied by another achievement which thus far received no publicity. Murata during the past nine months managed to put at the disposal of Japan's fighting forces, for auxiliary naval and military shipping, over 800,000 gross tons of bottom space withdrawn from commercial shipping routes. In November last year, Japanese vessels under naval and military requisition totalled little more than 900,000 gross tons, but today surpasses 1,700,000 gross tons. The volume of this requisitioned Japanese bottom space is once more as large as during the first year of the Sino-Japanese war, is some 500,000 gross tons larger than during the period of the Kwangsi campaign; and accounts for more than 30 per cent of the whole Japanese mercantile marine.

Shozo Murata, therefore, remains Prince Konoye's minister of communications. He has been entrusted in addition with the portfolio of railways from which G. Ogawa, appointed only in September last but without any visible achievement to his credit, has been ousted. Two of Murata's colleagues also remain in possession of the economic portfolios they held in the third Konoye cabinet. But these two are very recent appointees who have not yet been allowed time enough to show what they can do to improve upon their predecessors' policies. One of them, H. Ino, was made minister of agriculture and forestry only seven weeks ago in succession to T. Ishiguro, who for the first time enforced control of rice consumption in Japan. It was officially pretended, on Ino's appointment, that Ishiguro quit merely for health reasons, but now it turns out that everybody in Japan's governing circles was dissatisfied with his rice restrictions, and a reform of his rice and other food control policies is being listed by the Tokyo press among the major tasks of the third Konoye government. The third economic minister permitted to retain his position is Lieut.-Gen. T. Suzuki, minister without portfolio and concurrently president of the Cabinet Planning Board, who only in April last succeeded N. Hoshino, an economic planning success in Manchuria but in the same field a failure in Japan.

Thrown to the dogs is former finance minister I. Kawada, who a year ago was earmarked for the most prominent position among the second Konoye cabinet's economic and financial ministers. But Kawada never was able to assert himself. It was early during his term of office that the finance minister was excluded from the traditional "Big Five" of the Tokyo government, later reduced to the "Big Four" holding the portfolios of prime minister, war minister, navy minister and foreign minister. Finance Minister I. Kawada neither developed financial plans of his own nor did he show outstanding executive ability. He just allowed things to drift along, endorsing indiscriminately all of the bills presented by the fighting forces. Under his administration, things went from bad to worse. Japan's state indebtedness advanced from Yen 23,000,000,000 to over Yen 31,000,000,000, the Bank of Japan's note issue expanded to the extent of another 25 per cent by some Yen 800,000,000. Kawada's budget plan was established by the simple operation of the adding machine and left the biggest deficit in Japan's financial history to be covered by new bond issues whose rate of subscription dropped.

Another fearful flop among the third Konoye government's economic ministers was I. Kobayashi, a year ago appointed minister of commerce and industry. As a big business man, Kobayashi had been very successful in a wide range of enterprises running from the power industry to the Takarazuka Girl's Opera. A pet of grand old man Baron S. Goh, president of the Japanese Economic Federation, the Tokyo press upon his ministerial appointment hailed him as a "man of genius." But Kobayashi cut a pitiful figure while aimlessly lingering at Batavia for weeks, only to bungle the economic negotiations with the Netherlands Indies. He proved unable to eliminate the large deficit of Japan's foreign trade with countries outside the yen bloc. At home, shortage of commodities increased throughout his administration, peacetime industrial production accelerated its decline, and war production slowed down its pace of extension. Credit for the accumulation during the past twelve months of the substantial new supply stocks of the Japanese Army and Navy goes to the fighting forces' German advisers exclusively.

I. Kobayashi was ousted from Government in April last, and the appointment of Admiral T. Toyoda as his successor clearly was but a temporary measure. The admiral used the past three months energetically to centralize foreign trade control and to cut down imports not essential for war purposes, mainly following German advice and imitating German examples. He proved powerless to improve industrial conditions, and toward the end of his term of office became dangerously involved in the price policy discussions, permitting, in negation of the 1939 low-price policy, substantial price increases on numerous materials in an effort to boost production by the time-honored means of promising bigger private profits. It must have been a relief to him that last week the navy managed to promote him to the post of foreign minister. In his place as minister of commerce and industry we now find Vice-Admiral M. Sakonji who has written all over his personality the fateful word "Oil." Sakonji is the Japanese Navy's outstanding expert on oil, the navy's most vital supply, and up to only a week ago was president of the navy's North Saghalien Oil Company. This ministerial appointment is the one that ought to put Batavia on its guard.

Successor to Finance Minister Kawada is M. Ogura, who entered the second Konoye cabinet in April last together with T. Toyoda and T. Suzuki. A leading figure in the oldest of Japan's four private mammoth business concerns, the Sumitomo group, Ogura, when appointed minister without portfolio three months ago, was hailed by Tokyo's propaganda apparatus as a "mighty money man" and "virtual economic dictator." These advance laurels, however, adorned him for no more than some eight weeks, and as early as last month Tokyo papers such as the widely read *Nichi-Nichi* began to attack him on account of obvious incapacity. He was publicly reproached with having neither plan nor method. Nothing has yet been seen of Ogura to qualify him as an asset for the Konoye government. Yet he must have powerful backers, or else he would not have been selected for the post of minister of finance.

The great if not overwhelming importance of current financial and economic issues confronting the third Konoye cabinet is emphasized in the tentative program ascribed to that cabinet, undoubtedly upon official inspiration, by the Tokyo press. This program includes in the three foremost places economic and financial aims such as an expansion of industrial production, budgetary and financial reform, and a reorganization of food control. What exactly the third Konoye cabinet proposes to do along these lines remains to be seen. The Cabinet Information Board has thought up new programmatic slogans such as "financial blitz measures" and "planned national defense state" to indicate to the Japanese public that something new and important will be done. But such high-sounding phrases really do not indicate anything.

Though Tokyo official propaganda would like to have it understood otherwise, in reality it would not seem that the third Konoye government is about to make a new financial and economic departure. It would appear that, on the contrary, with Japan's fundamental aims of aggression and expansion unchanged, the new government will follow along the well-trodden economic-financial path of its predecessors and just attempt with increased efficiency to raise and borrow more money, to produce and accumulate bigger supplies, and to subject Japan's civilians to yet increased deprivations—all for the benefit of the country's fighting forces. Tokyo's new ministerial arrangement is calculated to increase exertions along these lines. Whether and at what pace this will be possible will greatly determine the Japanese fighting forces' striking power. This, in turn, will ultimately determine Japan's foreign policy and, thereby, peace or war between Japan, on the one hand, and the Anglo-Saxons and/or Russians on the other.

Labor Identification System is Introduced in Dai Nippon

Still further regimenting the already over-regimented population of the Land of the Rising Sun, a card identification system to embrace all male workers between the ages of 14 and 60 is being enforced throughout Japan, *Domei* reported from Tokyo this week. The measure was approved by the Diet in its last session and went into effect on July 21 as 365 "national employment offices" throughout the country opened lists for registration.

All male workers between the ages specified are required to possess and carry with them a card of identification. No employer may engage a worker who does not have a card after October 1, under penalty of hard labor up to 12 months or a fine not to exceed Yen 1,000.

The labor registration system in Japan matches the internal passport system in Stalinist Russia, which in turn was copied from the reactionary Tzarist regime. It enables the powers that be to establish control over the movements of workers and thus cope with the migratory tendencies always observable in labor's ranks when there is a shortage of hands to man the country's industries.

Meanwhile, strict war-time measures of control over industry and food supplies is foreshadowed as one of the first measures to be undertaken by the new Konoye Cabinet. Under consideration is a plan for the gradual introduction of a government monopoly in sales of foodstuffs, the storing and holding of staple foods such as rice and wheat, diversion of canned goods (principally sea foods) from export channels to home consumption to relieve the food shortage.

All this goes by the name of "co-prosperity." The Japanese John Doe may be pardoned if he prefers to think of it as "no prosperity."

Dean Martin of Famed Missouri School of Journalism Passes

Dean Frank L. Martin, head of the world-famous School of Journalism at the University of Missouri, died in Columbia, Missouri on July 19 following a long illness. News of his death brought messages of condolance to his bereaved family from all parts of the world and particularly the Far East where the noted educator and journalist spent several years of his life. One of the first messages sent to the family came from Mr. David Lu, Washington bureau manager of China's Central News Agency, in behalf of Mr. Hollington Tong, vice-minister of propaganda at Chungking; Chinese journalists; and the *Ta Kung Pao*, which recently received the Missouri journalism award.

Dean Martin's loss is keenly felt because of the important part he played in educating leading journalists, many of whom are Chinese. Chinese students studied under him both at the School of Journalism of the University of Missouri and in China where he assisted in founding a school of journalism at Yenching University, Peiping, in 1932-33.

The noted educator was planning a visit to China when he died. Arrangements were being made by St. John's University in conjunction with the Missouri School of Journalism alumni in Shanghai, to bring him here this fall to help establish a school of journalism in this city. Dean Martin had accepted the invitation and was making final arrangements for the trip at the time of his death.

Martin began his jounalistic career as a reporter on the *Kansas City Star* in 1902. He remained with the paper to become assistant telegraph editor in 1906 and assistant city editor in 1907.

He retired from the *Kansas City Star* because of ill health in 1909 and entered the teaching profession, becoming assistant professor of journalism at the University of Missouri. In 1912 he became associate professor of journalism in the same institution and held that position until he was made a full professor four years later.

From 1930-35, he held the rank of associate dean. Upon the death in 1935 of Dean Williams, founder of the school of journalism and president of the university, Martin was appointed dean. He held this position until his death.

In addition to serving the University of Missouri, the noted journalist was news editor for the *Japan Times* in Tokyo, 1915-16, editor of the *Quail*, 1917-22, and exchange professor at Yenching University, 1931-32. He had also been convention chairman of the World Press Congress since 1931, director of the Missouri-Yenching Foundation, and a member of the board of governors of the American Press Society.

Dean Martin died at the age of 60, having been born at Benedict, Nebraska, July 7, 1881. He was a graduate of the University of Nebraska, receiving his degree there in 1902. In 1907 he was married to Miss Martha Maria Hall of Kansas City, Missouri from which marriage came two children, Martha Anne, now the wife of Ralph P. Swofford, an officer in the U.S. Army Air Corps, and Frank Lee, at present employed by the Associated Press office in Saigon, French Indo-China.

Dean Martin's contribution to journalistic education paralleled that of Dean Williams. Both men helped introduce, and were strong advocates of, the "learning through actual experience" method which developed students into experienced journalists while still in school. Graduates of the Missouri School of Journalism exemplified the soundness of this method by gaining prominence in their field.

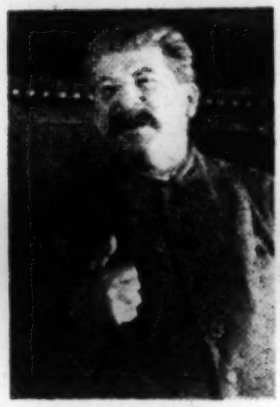
PICTURES AND CARTOONS FROM A WORLD IN CONFLICT

Stalin's Comrades Watch the Wrong Dawn

TO THE NEW ORDER
ADOLF "COMRADES, YOU SEE THE DAWN OF A GLORIOUS NEW DAY"
VOICE FROM THE REAR:- "IT ALL DEPENDS WHICH WAY YOU LOOK AT IT"
LES

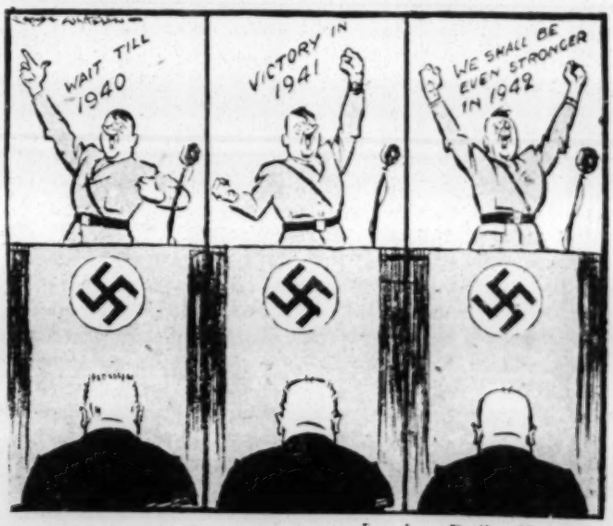
The above cartoon, apparently reproduced from a home newspaper, appeared in the British Noon Bulletin, published by the British propaganda committee in Shanghai.

Tzar of 1941



Dictator Stalin

This Year—Next Year—Sometime—Never

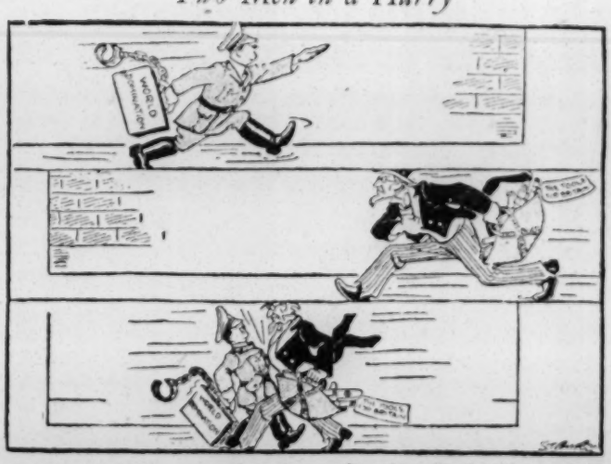


London Daily Herald.

The Thief of Bagdad

London Daily Mail.

Two Men in a Hurry



London Daily Express.

Protection and Death in China's War-Time Capital

Although the bombing of European cities has long since dwarfed Japan's many efforts to subjugate Chungking by means of bombing raids, China's war-time capital remains the veteran of modern air-war. Despite a bomb-shelter disaster resulting from over-crowding, which cost many thousand lives, Chungking is regarded as the best protected and best organized city in the world for aircraft defense. The city is built on hills, which facilitated the construction of underground shelters, wherein practically the entire population can be housed. The pictures, from Newsweek, show the entrance to one of the underground shelters and a Chinese woman sitting on the coffin brought for her husband, who was killed in the street.

When America Gets Prepared

" AMERICA HAS TENS UPON TENS of THOUSANDS of FIGHTING PLANES, HEAVY BOMBERS AND DIVE BOMBERS — — TANKS IN VAST NUMBERS — THE WORLD'S GREATEST NAVY — TREMENDOUS STORES of MACHINE GUNS, AMMUNITION, ARTILLERY AND BOMBS — AMERICA WANTS PEACE WITH THE WORLD!"
JA! PEACE IS NICE!
HITLER'S STATISTICIAN
CONFIDENTIAL REPORT ON U.S.

The Chicago Tribune.

Stalin Line Breached

Japanese army organ, Tairiku Shimpo (Shanghai) shows Hitler kicking over the Stalin line, while Britain and Russia confer on plans to check the Nazi advance.

Anglo-Soviet Pact

Japanese paper, Sin Shun-Pao says that the Anglo-Russian "paper" alliance is being smashed by Nazi shells. As a result, the British are no longer enthusiastic over their new pact.

Nazis Launch Massive Attacks on Soviet Lines As Drive for Moscow, Leningrad Continues

For the second consecutive week, major fighting on the 2,000-mile Russo-German battle front was concentrated in the Pskov, Polotsk-Nevel, Smolensk, and Novograd-Volynsk areas. Nazi panzer divisions repeatedly attacking the defending Red forces, have so far been unable to make appreciable gains despite claims of major victories on their part.

Soviet resistance, moreover, is said by Soviet Vice-Commissar Lozovsky, to be continuing behind the German lines where bands of patriotic Russians disrupt German communication lines and wipe out small detachments of the invading forces. Hundreds of villages and cities behind the Nazi lines are reported to be still under Soviet control and effectively fighting the invaders.

Hitler "Breaks" Stalin Line

Japanese organ, Sin Shun Pao, published in the Chinese language at Shanghhai, depicts a Nazi victory over Russia.

Nazis Claim Smolensk

Primary gain claimed by the German High Command during the week is the capture of Smolensk, announced July 17. If this is true, unlike premature claims of the occupation of Kiev, not yet achieved, Nazi panzer divisions possess a direct road to Moscow along the Minsk-Smolensk-Moscow railway. Soviet quarters have not yet admitted the city's fall, however.

Bombing of Soviet cities was resumed by a depleted German air force on the night of July 21 when Hitler's airmen dropped high explosive and incendiary bombs on Leningrad and Moscow. According to Moscow reports, the air raids were a failure. Of 200 planes attempting to penetrate the city's air defenses, only a few are said to have succeeded in breaking through the devastating anti-aircraft fire and the ring of fighter defenders. At least 18 Nazi aircraft were reported downed over Moscow, while few fires or casualties were suffered from the attack.

Leningrad, twice raided from the air, likewise repulsed the German night flyers and suffered little damage, according to *Havas* reports. An attack on the Red radio station in Murmansk on the same nignt was reported by *Transocean* to have been more successful, however, and to have netted the destruction of the broadcasting plant.

German claims which may prove unfounded propaganda are the reported capture of Stalin's eldest son and the assertion that the Red Army has brought up its last reserves on all sections of the front.

Capture of First Lieutenant Jakob Stalin, 35-year-old son of the Soviet dictator, was said to have been accomplished near Vitebsk. Young Stalin, according to Berlin sources, deserted to the Germans after shooting down the political commissar of his 14th howitzer artillery regiment. Jakob is reported to have said that resistance was futile in the face of Hitler's powerful army.

Information revealing that the last Russian reserves have been thrown into the battle was allegedly told the Germans by Red war prisoners. The captives reputedly said that even women are being forced into uniform and that Soviet equipment is so depleted that there is only about one machine-gun to a company and 30 rifle bullets to a soldier.

Prediction that the swastika will fly over Moscow within a month was made on July 21 by Lieut.-Col. Nimitz, attached to the German Embassy in Tokyo. He stated that the German-reported bombing of the Kremlin proved conclusively that Nazi air dominance had already been won. He also declared that the landing of American forces in Iceland constitutes participation in the war, an event which Hitler is prepared to meet.

Meanwhile, Soviet authorities disagree with Nimitz and are preparing for a long war. Card rationing of foodstuffs, adopted in Germany, Japan, Britain and other warring countries long ago, was introduced in Moscow on July 17. Products which will be rationed include flour, macaroni, sugar, candy, butter, cooking oil, margarine, meat, fish, cotton goods, knitted goods, stockings, dresses, leather, rubber shoes, and soap.

None of these products will fall into German hands, because the Red armies are systematically carrying out Stalin's "scorched earth" policy. *Transocean* reports originating in Sweden reveal that the city of Repola, which Finnish troops captured on July 8, has been turned into a pile of debris. Little else except a rostrum in the main public square is said to be left standing.

Chief atrocity story of the week appeared in a *Tass* report from Moscow. *Tass* charged that German troops entered an unidentified Soviet city, dressed themselves in Red Army uniforms and then proceeded to slaughter, rape and commit sadistic brutalities on the native villagers. Throughout the horrible scene, *Tass* charged, a German officer clicked his camera, photographing what will later appear as "Bolshevik atrocities."

Stalin Appointed Defense Commissar

Dictator Joseph Stalin was appointed People's Commissar of Defense of the U.S.S.R. by decision of the Supreme Soviet in Moscow on July 20, according to a *Tass* dispatch. Formerly holding the single post of Secretary-General of the Communist Party, Stalin now holds three posts, the other being that of chairman of the Council of People's Commissars. Marshal Semyon Timoshenko, Soviet commander-in-chief of the Western Front, was named deputy Defense Commissar.

According to an alleged announcement of the Soviet radio, reported from Stockholm by the German *Transocean* agency, Stalin ordered a "new extensive purge" of leading Red Army officers immediately after his latest appointment, the first victim being Marshal Klimenti Voroshilov, commander-in-chief of the northwestern front. Before Stalin's appointment to the post, Voroshilov was the Soviet defense commissar.

Stalin's personal assumption of the supreme command, according to a *Tass* message from Moscow, has been greeted by the Soviet people with "tremendous jubiliation and enthusiasm." The Soviet agency reports the usual spate of factory meetings at which workmen always acclaim (enthusiastically and unanimously) official decisions. Thus a workman said to represent oil refinery operatives in Baku, working himself up to a delirium of panegyrics, is said to have declared:

"The historic victories scored on the fronts of the civil war are bound with Stalin's name. With his name are bound all victories of socialist construction. Where is Stalin—there is victory! Our dear father, our own Stalin, lead us to the victorious battle! Victory will be ours!"

Congratulations to Stalin on his assumption of the post of Defense Commissar were sent this week by Gen. Chiang Kai-shek, who, according to a *Havas* report from Chungking, expressed in cordial terms the "sincere friendship linking China and Soviet Russia."

Fresh K.M.T-Communist Friction Reported; Clashes in Northwest

Renewed friction between the Chinese Communists and the Kuomintang was prominently featured by the Chinese press when on July 18 the official **Central News Agency** at Chungking disclosed that a series of sporadic clashes between the Eighteenth Group Army and the Kuomintang forces in Shansi and Shantung had been occurring since June 22.

The disclosure was made coincident with the arrival in Chungking of Mr. Owen Lattimore, new American political adviser to General Chiang Kai-shek.

Emphasizing that no punitive campaign would be launched against the Communists despite Communist attacks on Central troops, the official Chungking Government spokesman minimized the publicity given the report and termed it an "inadvertent flurry."

He also intimated that since minor clashes had occurred in the past without serious results, the recent clashes also would not have serious consequences.

The situation is reminiscent of the series of Kuomintang-Communist dissensions from 1929 to the Sian Incident in 1936, when a compromise between the two political parties was reached. The Communist armies were incorporated into the Chinese national forces, and when the Sino-Japanese hostilities broke out in July, 1937, the Communists repeatedly pledged their cooperation with the Chinese National Government in a united front against foreign aggression.

Both foreign and Chinese sources believe that no civil war will break out and that the misunderstanding between the Kuomintang and the Communists may easily be straightened out.

Agency Gives Details

The **Central News Agency** gave details of military dispatches reporting that the Communists had been "taking arbitrary action" in southeast Shansi and also in western and northern Shantung, since June 22. This was the first disclosure of clashes since the disbandment of the Communist New Fourth Army in January of this year.

The first clash, **Central** alleged, occurred on June 22 in northern Shantung when 2,000 Communists were reported to have attacked the flank of the Central Government's guerillas who were engaged in fighting Japanese forces at night.

On the same day, added a **Kuo Min** dispatch, another detachment of the 18th Group Army, totalling 2,000 men, raided Huchiaochi (southeast of Huimin), and kidnapped more than sixty persons, including several officers of the Central Government forces and some members of their families.

A series of subsequent clashes was fully described by an official announcement which, according to **Kuo Min**, declared:

"One detachment of the 18th Group Army at dawn on July 8 attacked Central Government forces north-west of Tangchen in south-western Shansi, disarmed these troops, occupied their positions on the night of July 9 and ambushed Government units south of the Hungtung Highway.

"Another detachment of the 18th Group Army, on July 12, attacked Changtze and took prisoner Sun Pei-wen, Magistrate of Changtze.

"Other detachments of the 18th Group Army pushed southward into the Taiyo Mountains, menacing Central Government troops and appointing their own magistrates.

"Three thousand troops, belonging to the 11th Division of the 18th Group Army, on July 8 suddenly attacked a brigade of Central Government troops under Po Kwang-san in western Shantung, killing one regimental commander and causing fifty casualties.

Chow Asks Unity

Speaking on behalf of the Communists, Chow En-lai, chief Communist liaison officer in Chungking, published an article in the **New China Daily News**, official Communist organ at Chungking, in which he questioned whether the clashes actually occurred and strongly appealed for national unity.

"I can clarify the order to participate in warfare in the Chungtiao mountains," the article began. "The Eighteenth Group Army once came out in defense sectors of southeastern Shansi province to fight the Japanese, but after completion of their work immediately withdrew to their original assigned sectors.

"In the Shantung counties of Loling, Kweiping and Huimin, all defense sectors were given to the Eighteenth army by the Central Government," the article continued.

"How did other Chinese units plunge into clashes?" he asked. "Were there actually any clashes? The military council got a telegram July 18 and published it July 19. Not only has Chu Teh not had time to reply but I myself was not notified beforehand."

Chungking Replies

Replying to this statement, the spokesman of the Military Affairs Commission said, "After the outbreak of the incidents in Shansi, this Commission, on June 27 and July 5, twice instructed General Chu Te, by telegraph, to suppress the attacks. A copy of the telegram to General Chu, dated June 27, was forwarded to Mr. Chow En-lai at the time of the despatch of the telegram. How can Mr. Chow say that he was not notified?"

Strong criticism of the Communists appeared in the Chungking press when the renewed friction between the Kuomintang and the Communists was made known. The Chungking army organ, **Sao Tang Pao**, alleged that the Chinese Communists were "Japan's Fifth Columnists," and charged that the Communists "undoubtedly have left our camp of resisting the Japanese and are fighting us."

In an article predicting future Japanese military moves Chow En-lai obliguely attacked Gen. Chiang Kai-shek and the Kuomintang by stating that only unity and cooperation would lead to a Chinese victory, while dictatorship would result in defeat.

Westward Push?

He predicted that Japan would push west instead of the expected southward and northward drives. He said there was a possibility of the Japanese invading China's northwest to pave the way for an attack on western Siberia. They might also consolidate their Indo-China bases in order to cut the Burma road.

The United States is seeking to make peace between the Chinese government forces and the Communists in order to prevent American aid from being used in another Chinese civil war, according to Washington reports which brought a denial from Under-Secretary of State Sumner Welles. Civil peace is one of the major missions of Mr. Owen Lattimore, new American political adviser to General Chiang, some Washington quarters declared.

While official circles at Washington attached serious significance to the current Kuomintang-Communist dissension, reliable Far Eastern sources discounted the significance of the clashes, describing them as skirmishes of a "local character." The common goal of crushing the Axis brought about by Soviet entrance into the war is a realistic basis for conciliation between the Kuomintang and the Communists, these sources said, predicting a practical agreement on specific issues between the two parties.

Chained Together?

This cartoon, which appeared recently in the local Japanese army organ, Tairiku Snimpo, depicts Chiang Kai-shek enchained to Britain and the United States. The dog represents the Chinese Communists, who are chained to Chiang and snapping at his hand.

Lattimore in Chungking

Coming into the complicated Chinese political picture was Mr. Owen Lattimore, new American political adviser to General Chiang Kai-shek, who arrived in Chungking on the day when public attention centered on the series of Kuomintang-Communist clashes reported by the official **Central News Agency**. In addition to a personal message to General Chiang from President Roosevelt, Mr. Lattimore carried along with him a petition signed by 358 Manchurians pleading for the release of General Chang Hsueh-liang, who is reportedly being detained by General Chiang at Kweiyang. The "Young Marshal," prominent in the kidnapping of Gen. Chiang at Sian in December, 1936 has been under virtual arrest ever since that famous incident.

The petition emphasized three points: firstly, that Gen. Chang was capable of effectuating lasting rapprochement between the Kuomintang and the Communists; secondly, that he is in a position to regain the allegiance of the former Manchurian military leaders Pau Men-yuet and Hu Yuk-kwan, who now are Nanking adherents; thirdly, that the "Young Marshal" is the only man capable of leading a pro-Chungking native movement in Manchuria.

Quoting the **Sin Min Pao**, Havas reported that former Northeastern Army leaders, including Generals Yu Hsueh-chung and Wan Fu-lin, also handed a

(Continued on Page 252)

Roosevelt Asks Congress to Retain Draftees, Guardsmen in Service

In a special message to congress on July 21 President Roosevelt asked the U.S. legislature to proclaim either a full or limited national emergency as a means of retaining army draftees and National Guardsmen in active service for the duration of the present emergency. Unless this is done, thousands of draftees would be automatically released from duty in October after completing a year's training, while the National Guard would be demobilized in September. This, said the President, would mean the disintegration of the growing U.S. army.

According to a German **Transocean** report, dated New York, July 22 (**Transocean's** New York office was closed recently when Nazi officials and propagandists were ordered out of the country), the proposed extension of military service has caused excitement and protest among conscripts and National Guardsmen. The agency credited the **New York Times** with a report that a detachment of the National Guard at Fredericksburg, Virginia, staged a protest demonstration last Sunday, requesting a popular vote on the question of extending the period of service.

Wants More Inductions

In his message to Congress, President Roosevelt said that responsibility in the matter rested solely with the legislature. In addition to the proposed extension, he asked Congress to authorize raising the number of draft selectees who may be inducted into the armed forces in a single year to 900,000.

The message was read to both houses of Congress. An hour earlier, setting an unexampled precedent, the President read the message into microphones at the White House for radio transcription throughout the United States in what **United Press** described as an endeavor to create public sentiment for the move he holds imperative for national defense. The message was also broadcast throughout the world by short-wave radio and later rebroadcast by beam in six foreign languages. If Congress by legislative act proclaims a state of emergency, the President, by proclamation, can retain draftees and guardsmen in active service.

"I do not think," the President said, "that any branch of the Government of the United States is willing to let America risk the fate which destroyed the independence of other nations.

"We Americans can not afford to speculate with the security of America. Furthermore, we have a definite responsibility to every country in the Western Hemisphere—to aid each and every one against attack from without the hemisphere.

Must Maintain Policy

"I do not believe any branch of American Government would desire today to abrogate our Pan-American pact or to discard the policy which we maintained for nearly a century and a quarter," said the message. "If we do not reverse this historic policy (the Monroe Doctrine) then it is our duty to maintain it. To weaken the army at this particular time would, in my judgement, be an act of bad faith to our neighbors."

Explaining that 600,000 of the authorized 900,000 selectees now in the service were eligible for discharge soon, President Roosevelt said that "it is obvious if two-thirds of our present army returns to civilian life, it will be almost a year before effective army strength again reaches 1,000,000 men.

No Disintegration

"As small as our army is in comparison with other armies, it should not suffer any form of disintegration or disorganization," the message said.

President Roosevelt urged Congress to instruct employers to hold jobs open for men held in the army. He further promised he would order the return to civilian life of "officers and men whose retention in active duty would impose undue hardship. Also selectees, enlisted men and National Guardsmen who are 28 years old will be transferred to the reserves as rapidly as possible."

President Roosevelt said that elimination by return to civilian life of "approximately two-thirds of our trained soldiers and about three-fourths of the total officer personnel would be a tragic error.

"It is the well-nigh unanimous opinion of military and naval officers and government servants in the international field that schemes and plans of aggressor nations against American security are so evident that the United States and the rest of the Americas definitely are imperilled," said the message.

"This is why, reluctantly and only after careful weighing of all the facts and all events, I recently proclaimed an unlimited national emergency," the President said.

President Roosevelt noted the sequence of Nazi conquests in which each assault was preceded by preliminary assurances of safety or non-aggression to the intended victim. He said that each elimination of a victim brought the issue of Nazi domination closer to the Western Hemisphere.

On the same day, General George Marshall, Chief-of-Staff, testified before the Senate Military Affairs Committee that there was urgent necessity from a military standpoint for Congress to declare a national emergency under which selectees, reserves, and guardsmen could be retained in the army beyond the present one-year's service. Under the current legislation members of the National Guard must be demobilized or replaced by September, and draftees by October.

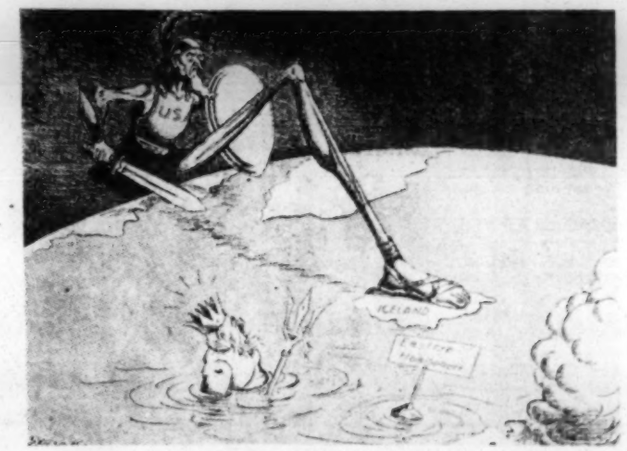
A Protective Ring

General Marshal also disclosed that the United States is financing the expansion of aviation facilities in Brazil, thus creating a protective ring around the Western Hemisphere. He claimed that the Army had been set back most seriously in the development of air facilities in Brazil through Congressional limitations.

The United States Chief-of-Staff further stated that the west coast command, which includes the Aleutian Islands and Alaska, has asked for anti-aircraft engineers and tank units totalling 11,000 men.

Meanwhile, U. S. naval officials disclosed that during the 40 days ending July 10, keels had been laid at the rate of one ship a day, while 22 vessels, including the 35,000-ton battleship South Dakota, two destroyers, one submarine and seven motor torpedo-boats were launched.

Uncle Sam—Whither?



Cartoon by the Japanese artist Eturo Kato in the Foreign Office organ, Japan Times and Advertiser, Tokyo.

U.S. Navy Planes Patrolling Everywhere

United States naval planes have been doing patrol work all over the world, Rear-Admiral John H. Towers, chief of the Bureau of Aeronautics of the Aeronautical Board, testified before the House Naval Affairs Committee on July 17, according to a **Domei** report.

Rear-Admiral Towers revealed that the Navy has been patrolling by plane in the Atlantic, the Pacific, the Philippines and Panama areas.

Britain Secures U.S. Loan of $425,000,000

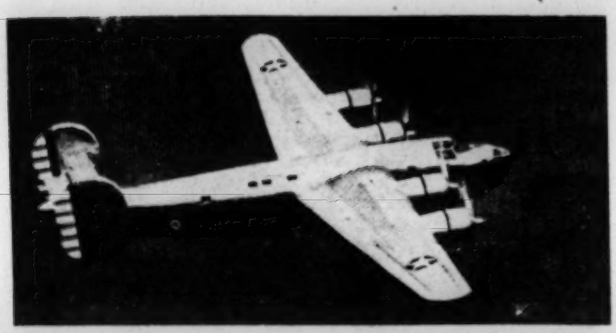
An American loan to Britain of $425,000,000 was announced in London on July 22. Advanced by the Reconstruction Finance Corporation with President Roosevelt's approval, the loan will bear interest at the rate of three per cent per annum and will be used by the British to pay for supplies purchased in the United States prior to passage of the Lease-Lend Act. According to **Reuter**, the loan will be secured on shares representing direct British investments in American properties and certain marketable securities. The collateral consists of stocks in 61 American Corporations listed on the New York Stock Exchange, unlisted securities of 46 American corporations, and capital stock of 41 British-owned insurance companies in the United States. The loan is repayable in 15 years, it was stated.

Mackay to Head Red Cross Committee

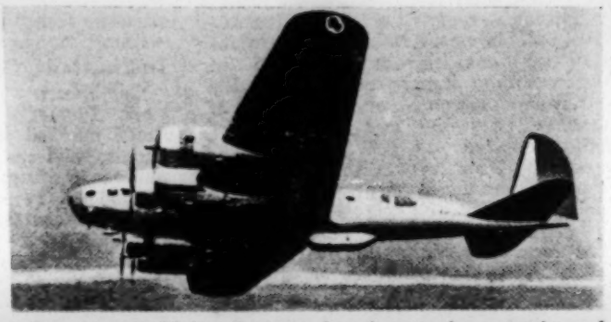
J. A. Mackay, assistant vice-president of the National City Bank of New York and supervisor of branches of the bank in China, has been appointed chairman of the American Red Cross Committee in China. Mr. Mackay succeeds Major Arthur Bassett, who recently returned to the United States. P. M. Anderson, who will assume the position of assistant director, is expected to return to Shanghai shortly from the United States, where he went on vacation. Wilber Judd, former assistant director, is returning to the United States shortly in order to resume his work with the Army and Navy Y.M.C.A.

AMERICAN-MADE WAR PLANES NOW APPEAR ON ALL ALLIED WAR FRONTS

(*Newsweek* Photos)



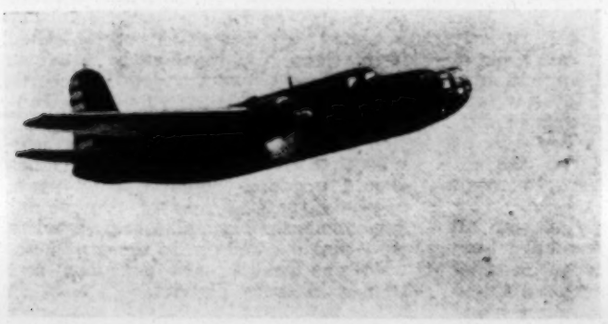
The Consolidated B-24 has a revolutionary wing-spread.



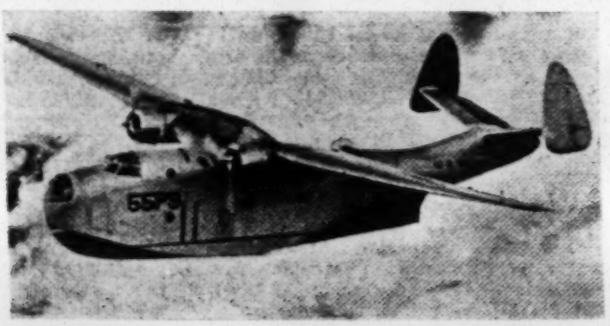
The famous Flying Fortress has four turbo-supercharged motors.

The North American B-25 is rated by the U.S. Army as one of the fastest bombers.

The Douglas SBD dive-bomber is used extensively by the U.S. Navy.



The Douglas A-20-A attack ship is rated as a deadly "in-fighter."



The Martin PBM-1 is famous for its "gull-like" wings.

According to recent Reuter report from Washington production of military aircraft in the United States in June was 1,476 planes, most of them being of the types pictured above. The final figure for production in May was 1,334. The types which are sent to Britain and other allies are not given, but generally they are of the types indicated. It is said that through pooling arrangements of the manufacturers, mass production practically has been achieved in certain types.

China's Tung Oil Exports Increase

Exports of tung oil from China during the first six months of this year showed a considerable increase over exports in the corresponding period in 1940, figures released by the Chinese Bureau of Trade Statistics revealed.

Tung oil exports from January to June, 1941, totalled 5,445 quintals, an increase of 4,022 quintals over the previous year. Exports of hog bristles increased by 983 quintals over 1940.

United States imports of tung oil from China have been severely curtailed as a result of the Sino-Japanese war, according to a recent National Geographic Society bulletin surveyed by **Havas.**

The bulletin, which points out that the United States has so far depended almost exclusively on imports from China for its supply of this invaluable drying and waterproofing agent used in paints and varnishes, also notes that in 1940 almost 100,000,000 pounds of the oil were imported from China as compared to a domestic production of about 5,000,000 pounds.

The bulletin emphasises the need for the United States to develop and multiply Western Hemisphere sources for the oil, for which no satisfactory substitutes have been found. Brazil, in this connection, is greatly expanding its plantings of tung trees, while the United States has planted 175,000 acres of the oil-producing trees in the southwest. Of this area, approximately 40,000 acres are today producing the greatly needed oil.

The tung oil tree was first introduced into the United States by Dr. David Fairchild, of the Department of Agriculture, in 1905, but plantation was merely an experimental project for about twenty-five years. This was due to the fact that manufacturers could obtain all the tung oil they needed at a cheaper price from China.

Tung oil is particularly useful in that it resists the corrosive action of salt water, thus making it invaluable in paints and varnishes used on ships. It is also needed for waterproofing silk and paper as well as linoleum compounds, tablecloths, raincoats and cartridge shells. It is further used in certain insulating compounds for cables, wire coatings, building boards, engine gaskets, automobile brake linings, and in enamels.

Telegraphic Restrictions Applied in China

Restriction to the use of certain languages in telegrams, introduced recently in Japan, has been applied in Peiping, which is under Japanese occupation, and to Central China it was reported this week. Only the Japanese, Chinese, English and German languages will be permitted in messages.

China's Education System Advances Despite War

BY A SPECIAL CORRESPONDENT

Through redistribution of institutions of higher learning, standardization of courses, readjustment of curriculum, improvement of the teaching system, organization of teachers' training and formation of education districts, the four years of war in China have actually brought about educational progress both in the qualitative and quantitative sense.

During the last four years, despite the fact that many cultural institutions have been destroyed by the Japanese, the number of schools as well as students throughout China has shown an upward trend. The number of higher educational institutions in China, including universities and technical colleges, at the end of 1940 was reported by the Ministry of Education as 113. Total enrolment in these institutions in 1940 was 44,422 as against 31,188 in the 108 such schools in 1937.

More Middle Schools

Middle schools in Free China in 1939-40 numbered 1973 with an aggregate enrolment of 531,429 students (in 1938 there were 477,585 students enrolled in the 1,814 secondary schools as compared with 389,948 in the 1,896 schools in 1937). These figures are reported in a survey recently completed by the Ministry of Education. The same survey shows that promotion of social education in Free China has also made rapid progress, as social education institutions in 1939-40 numbered 206,932 with a total of 4,806,718 students. The number of such institutions and enrolment in 1938 and 1937 were 147,515 (with enrolment of 3,175,474) and 132,853 (enrolment 2,813,074), respectively.

Japanese occupation of China's coastal regions and the extension further inland of enemy occupied territory has enabled the Ministry of Education to carry out long needed adjustments in the distribution of higher seats of learning. Redistribution of the educational citadels has been accomplished by means of amalgamation, division, or reorganization.

Prior to the war China's 108 higher educational institutions were grouped into five districts. The northern district with 30 institutions covered the municipalities of Peiping and Tientsin and the provinces of Hopei, Shansi and Shantung. The central district with 17 units comprised the provinces of Szechwan, Hupeh, Honan and Hunan. The eastern district embodied 45 institutions in the municipalities of Nanking and Shanghai and the provinces of Chekiang, Kiangsu, Anhwei and Kiangsi. The 13 institutions in the southern district were found in the provinces of Kwangtung, Kwangsi, Fukien and Yunnan, while the northwestern district with three institutions was formed by the provinces of Shensi, Kansu, and Sinkiang. This distribution shows how the universities and colleges were crowded together in a few large cities along the seacoast and in the north, while the provinces of Jehol, Chahar, Suiyuan, Chinghai, Sikang, Ninghsia and Kweichow were without any higher schools.

Institutions Combined

Combination of some of the institutions formerly located in occupied areas marked the first period of the wide-spread redistribution carried out under the direction of the Ministry of Education. Peiping's National Tsinghua University, the National University of Peking, and Tientsin's private Nankai University were merged into the National Southwest Associated University at Kunming. The present National Northwestern University at Hanchung, Shensi, is a combination of the former National Peiping University, National Normal University of Peiping, and the National Peiyang Engineering College. The National Northwestern Teachers' College, formerly the Teachers' School of the National Northwestern University, was separated from this institution.

Of the 113 higher educational institutions now in existence, 41 are national, 21 provincial, and 51 private. Thirty-eight of the 113 are universities, 42 colleges, and 33 technical schools.

Thirty of the 113 were removed to the rear after the war began. Two were transferred to Hongkong, 17 were shifted to other places within their own provinces, 28 (mostly missionary schools) still carry on in Peiping, Tientsin and Shanghai, nine originally located in the interior, and 27 newly-established or reopened during the war. More than one half of those moved into the interior (18 out of 30) are now located in Szechwan province.

During the four years of war all plans for higher education have been formulated with a view to meeting the needs of national resistance and reconstruction. Required courses and electives have been carefully planned by experts of the Ministry of Education, with special emphasis laid on courses with a direct bearing on present-day Chinese problems. To bring about improvements in the subjects taught, and other necessary reforms, the National Institute of Compilation and Translation was consolidated. The National Council of Higher Learning was inaugurated, and some one hundred institutions of research were put directly or indirectly under the control of the ministry for the sake of centralization and systematization.

Training Abroad

The coordination of higher education and of national resistance and reconstruction applies also to students seeking advanced training abroad. Shortly after the war began, the Ministry of Education and the Ministry of Finance jointly formulated regulations limiting foreign exchange and passports to those students who engaged in advanced studies in pure science, engineering, medicine, military science, and other subjects of immediate use and concern to war and national defense. The regulations provide, among other things, that any student applying for permission to go abroad must have either continued research work or served the government for at least two years with distinction after graduation from one of the recognized government or private universities, or continued research work or served the government for at least four years with distinction after graduation from one of the recognized government or private technical institutes.

The regulations have caused a big decrease in the number of Chinese students going abroad during the four years of war. From July, 1937 to May, 1941, only 625 permits have been issued to students going abroad. (To this number should be added those university graduates who went abroad to enter schools with tourist passports and student visas). The average number of students going for advanced training to foreign countries in pre-war times was approximately 755 each year.

Secondary Education

Like the universities, colleges and technical institutes, secondary educational institutions (including middle, normal and vocational schools) before the war clustered in cities near the coast. The formation of educational districts since the war has greatly facilitated the execution of the secondary education program. The Ministry of Education promulgated regulations dividing each province into middle school districts in accordance with population, financial conditions, cultural level and communication facilities. The regulations provide that the schools in each district should organize research committees to study the problems of educational development. Normal school districts were also marked out in the provinces, with one school each for men and women in every district.

Of the 1,973 secondary education institutions in Free China, middle schools number 1,202, normal schools 500, and vocational schools 271. According to a recent survey, covering 21 provinces and the municipality of Chungking, conducted by the Ministry of Education, the number of secondary education institutions in Free China during 1937-1940 has decreased by 40 per cent. Minister of Education Chen Li-fu reported last year that before the war there were 3,264 middle schools of which 1,296 were in areas now occupied by the enemy. He estimated the property losses of middle schools to be $65,567,783.

At present Szechwan is the most advanced in secondary educational progress, with 277 middle schools and 78,244 students. Kwangtung follows a close second with 259 schools and 63,417 students. In provinces partially occupied by the Japanese, strenuous efforts are made to increase the number of middle schools as well as to improve their quality in order to counteract the Japanese educational offensive. In this connection Kiangsi presents a striking example, as the province has this year 140 middle schools with an enrolment of 46,227 students. In pre-war 1937 the pro-

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vince had only 72 middle schools with 13,231 students.

Vocational Education

For the promotion of vocational education, the Ministry of Education has, in collaboration with the Ministries of Interior, Finance, Communications and War, and the National Aeronautical Affairs Commission, drafted a plan for vocational education aimed at training students to meet special needs in government offices. Accordingly, training schools have been established and short-course classes conducted for mechanics, electricians and other skilled workers. In addition, special classes are available in more than ten colleges and universities for advanced studies in these fields.

Through compulsory primary education, people's and citizens' schools and social education, illiteracy has been combatted to a certain extent. Vehicles for the promotion of social education include adult schools, folk reading centers, public playgrounds and other physical culture facilities, phonetic classes, general commercial and industrial continuation schools, schools for blind-mutes, reformatories, institutes for orphans and destitute children, museums, art exhibits, theaters, cinema houses, music clubs, educational films, radio broadcasts, circuit corps, libraries and "people's literacy readers."

For the maintenance of the nation-wide network of social education institutions, the government spent $11,205,095 in 1939-40. By the end of 1940, China succeeded in wiping out illiteracy in 46,348,460 of her people; 140,000,000 illiterates remain to be educated.

Chungking, June 30, 1941.

China a Democracy, Says Clark Kerr

China is a democratic country and is fighting the battle of all the democracies in the world, Sir Archibald Clark Kerr, British Ambassador to China, told an audience of 400 Chinese intellectuals in Chungking on July 16, according to *United Press*.

Lecturing on the "Spirit of Democracy," the British envoy spoke for 30 minutes and was followed by Gen. Wu Te-chen, secretary-general of the Kuomintang, who, according to *United Press*, "refuted Japanese allegations that China was not a democracy."

Sir Archibald declared that China was "striding swiftly toward full-fledged democracy," and continued: "You ranged yourselves side by side with the democracies which are now engaged in seeing to it that democracy will not perish from the earth. You did this, not because you are confident of victory, but because you share their ideals. You were, I think, a hundred times right...The founder of modern China has laid it down that you should move toward the achievement of democracy step by step as we have done in my country. To a foreign observer it seems that the first stride forward already has been taken. Witness your People's Political Council, the high quality of which is impressive to any onlooker. When the present war is over and the soul of China can be given free play, your progress toward democracy will be swift."

Honda Withdraws His Resignation as Envoy

Dr. Kumataro Honda, Japanese ambassador to the "National Government of China" at Nanking, tendered his resignation to the new Japanese foreign minister, Admiral Teiiiro Toyoda, on July 19, but three days later withdrew his resignation. In a statement to the press in Tokyo, he declared that Wang Ching-wei's recent visit to Japan had led to the formation of a definite policy of fostering and strengthening the Nanking regime—"and this completed my mission."

Dr. Honda has been ambassador to Nanking for seven months. Officials in the puppet capital, *Domei* reported, regretted his resignation because Nanking's recent "successes" in gaining Axis recognition and a loan of Yen 300,000,000 from Japan "were due in great part to his efforts."

Gen. Itagaki Leaves For Post in Korea

General Seishiro Itagaki, former chief-of-staff of the Japanese Expeditionary Forces to China and recently named commander of the Japanese garrison in Korea, departed from Tokyo for his new post on the afternoon of July 21, *Domei* reported.

Free China Builds New Economic Base in the West

BY WILLIAM CHANG (鵬雲張)

There is an old saying in China which goes: "Heaven will not deprive men of their last resort." This is certainly true with the way that the Chinese are rebuilding their economic base in the inland. Having lost most of her infant industries in the coastal provinces, China starts all over again in economic reconstruction in her rich and safe hinterland.

Soon after the outbreak of the war with Japan, the Chinese Government formulated a plan for general economic mobilization. With regard to industries, it sought the achievement of national sufficiency in industrial articles used in war within the shortest possible time, and the maintenance of factories producing articles of military and daily use and the control of the marketing of their wares. Meanwhile, it gave assistance to factories in their removal from the coastal ports, active promotion of the establishment of new factories producing articles of military and daily use, financial and technical assistance to such factories. It banned strikes and lockouts by providing military and police protection to such factories.

Four Main Tasks

The increase in the manufacture of war materials, export articles and daily necessities and the development of principal industries and mining are the four principal tasks confronting the Ministry of Economic Affairs which is headed by the Belgium-trained Dr. Wong Wen-hao. The ministry has since its establishment in January, 1938, exerted its utmost effort along these lines. It has been using government capital to establish important industrial and mining enterprises and to assist private concerns to move from war areas to the interior. At the same time, the people in the rear have been encouraged to invest in productive enterprises. A general comparison of China's economic conditions after the four years of the war reveals three main points of difference.

First, before the outbreak of hostilities, China's economic enterprises were concentrated in a few coastal provinces. Today, her economic center has been shifted to the Southwest and Northwest with adequate safeguards for peaceful development.

Secondly, four years ago, there were in China only a few heavy industries for national defense. Despite careful planning and constant encouragement on the part of the National Government, China's heavy industries were not ready for active production. Now, her national defense industries, including iron and steel, mechanical, electrical, chemical and mining projects, under government operation or private management, are in full swing. While the stage of sself-sufficiency has not yet been attained, she has laid a broad foundation for the energetic growth of her national defense industries.

Big Strides Forward

Thirdly, prior to the summer of 1937, the rural conditions in China were generally backward and destitute, especially in provincess in the Southwest and the Northwest. Today, these provinces have taken big strides in economic development. This favorable turn of rural conditions has been brought about by stabilization of rural finance adoption of irrigation methods, promotion of agricultural cooperation, improvement of farming technique and exportation of farm produce.

Before the war, the government started a five-year heavy industrial program with special emphasis on Hunan, Hupeh and Kiangsi provinces. The war has forced the authorities to build an economic bulwark further to the west. Recently a three-year development program for industry and mining has been launched for the purpose of expanding on the strength of results already obtained so that the capacity of self-sufficiency may grow in direct proportion to the lengthening duration of military resistance.

During the early stages of the war the factories moved from cities along the coast or along the Yangtsze River were 450 in number, of which 168 were mechanical in nature. The products of these factories may be grouped as military equipment, power generator, industrial implement, machine-manufacturing and communication vehicle industries. The Industrial and Mining Adjustment Administration represents the ministry's efforts in assisting private productive enterprises in the war. The difficulties besetting the epic retreat of a large number of factories from Shanghai and later from Hankow and Ichang were largely overcome by the cooperation of the management and workers of these plants and by the untiring spirit of the staff of the adjustment administration. As most of the motor steamers were drafted for military service during these urgent stages of the war, thousands of tons of machinery and equipment were dismantled and shipped to the interior on small junks on the Yangtsze river.

During the removal of factories, the Government paid particular attention to machine shops and factories producing electrical and chemical products because they can directly help the arsenals in their work. Priority was also given to cotton and flour mills and other factories essential to the livelihood of the people. In addition to lending these salvaged fatories large sums of money at low interest rates, the Government purchased from abroad big consignments of materials and equipment and supplied them with skilled men so as to help them resume operations in designated inland places with the least possible delay.

Varieties of Aid

In addition to the government assistance in removing industrial and mining establishments to the interior and in resuming operations in designated places, the ministry announced other encouragement measures during the four years of the war. They include reduction of customs tariffs, special freight rates on national communication lines, subsidies and bonuses, patent rights to discoveries, inventions and improvements on industrial devices, tools and implements, extension of loans to small industries and handicrafts and permission to Chinese and foreigners to invest in special government companies with paid-up stocks and limited liabilities. The last provision is especially interesting because it opens a way for individuals or private sources to invest in the government's important reconstruction activities in the rear. Recently the Government has decided to utilize part of the proceeds from the sale of savings certificates for industrial development. The amount is set at $100,000,000.

In 1940, the total output of important industrial and mining establishments under direct control of the government in China was valued at $4,693,700,000. This figure does not include the production of the small factories and mines scattered all over Free China. In the total, textiles took first place with $1,763,000,000 and chemicals second with $1,438,000,000. Gold came third with

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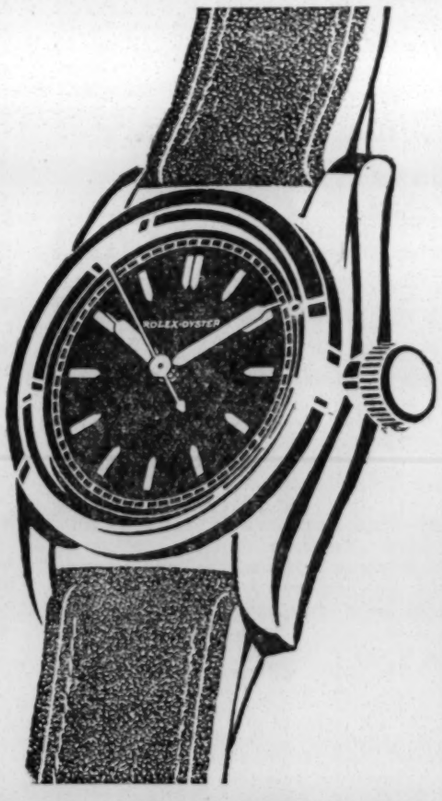

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$280,000,000 and electrical appliances fourth, followed by minerals.

Government industrial and mining enterprises are mainly operated by the ministry's National Resources Commission according to program. Up to the present, the commission has established 71 "units" in interior China, 29 in industry, 22 in mining and 20 in electrical engineering. Preference is given to mechanical, chemical, smelting and electric appliance industries. In mining, priority goes to mines important to national defense, such as coal, iron, petroleum, copper and those producing minerals for China's barter trade with foreign countries, such as antimony, tin, mercury and tungsten. Hydraulic power is used where possible, to supply the new industries with current. It has been estimated that Szechwan rivers alone have a potential power of 29,500,000 kilowatts. To increase gold production, the ministry has organized the Gold Mining Administration.

Up to the end of 1940, factories removed to the rear through government encouragement numbered 450 and their equipment weighed 116,375 tons. The government also paid for the traveling expenses of 12,000 skilled workers to the interior. In addition, some 30,000 workers were moved inland through the assistance of other organs. The tonnage of machinery and equipment brought into the rear up to the end of 1940 follows;—

Weight in Tons (Cumulative)

Industry	*1938*	*1939*	*1940*
Coal	4,833	6,268	7,457
Iron and Steel	28,152	37,152	37,242
Mechanical	5,162	13,254	18,587
Power	3,052	5,300	5,375
Spinning and Weaving	26,150	30,822	33,116
Chemical	6,506	8,093	9,756
Miscellaneous	6,228	5,148	5,842
Total	77,083	106,037	116,375

In the past four years, fifteen new industrial bases have been established in the west. According to a report of the end of 1940, factories with over $10,000 capital and over 30 workers, which employed power, in these bases numbered 1,354, classified as follows:—

Industry	Number of Plants
Mechanical	312
Mining and Metallurgical	93
Electrical	47
Chemical	361
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Miscellaneous	259
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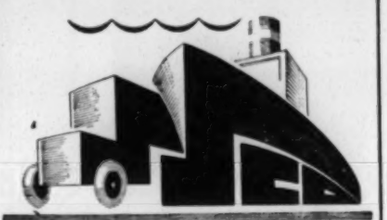

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Gov't Appointments And Transfers

There have been an unusually large number of new appointments and transfers of officials at Chungking in recent weeks. Of the new appointments that of Ku Meng-yu, a former Wang Ching-wei associate, to the presidency of National Central University, attracted most attention. Another appointment that aroused wide interest was that of Hsu Mo, Political Vice-Minister of Foreign Affairs to the new post of Minister to Australia. Lo Chia-lun, former president of National Central University, who resigned, probably will be appointed to another post.

Heads University

Mr. Ku Meng-yu, veteran Kuomintang leader, who was appointed Chancellor of the National Central University at Chungking. Mr. Ku succeeds Mr. Lo Chia-lun, who recently resigned.

To Australia

Mr. Hsu Mo, Political Vice-Minister of Foreign Affairs, who was appointed China's first Minister to Australia.

Other appointments and transfers include the following: Jen Chu-chien as member of Yellow River Conservancy Board in place of Liu Fu, who resigned in order to accept another post; Tseng Hui-ping as chief secretary of Fukien in place of Wang Hsiao-yu, who resigned; Chu Chia-hua, director of Party organization arrived at Lanchow, Kansu for inspection of party organs in Kansu, Ninghsia and Chinghai; Dr. Chiang Ting-fu, director of political affairs of Executive Yuan, appointed concurrently to post of acting-secretary of Executive Yuan in place of Dr. Wei Tao-min, who was appointed ambassador to the Vichy Government; Yen Ting-yang, member of Shansi Provincial Committee, in place of Wang Chien, who was transferred to another post; Ning Chao-wu, to chief secretaryship of Shansi provincial government; Cheng Feng, member of Kwangtung provincial committee in place of Huang Yuan-ping, transferred to another post; Wang Chih-yuan also appointed member of Kwangtung provincial committee; Liu Kwei-hsiang to post of commissioner of reconstruction in Fukien in place of Pao Ke-tung, appointed secretary-general of Fukien and concurrently chairman of the board of three provincial corporations, Fukien Transport Corporation, Fukien Trade Corporation and Fukien Development Corporation; Hsu Hsueh-yu of Fukien committee resigned, while Yen Chia-chin, Fukien commissioner of finance, appointed concurrently as chairman of board of Provincial Bank.

The Ministry of Foreign Affairs at Chungking announced on July 2 the appointment of Kao Ling-pai as consul at Singapore. The Ministry of Finance announced the appointment of Shen Tsung-lien as director of the revenue department of the ministry in succession to Hsu Kung-su, who was made an adviser; Chu Chin and Hsia Chin-ho were also appointed advisers to the ministry. Yin Tsan-hsuan was appointed deputy director of Central Geological Investigation Institute; Huang Tieh-chen to directorship of Kwangsi Food Control Administration in place of Huang Wei, who was appointed to another post; Chu Ying-shih appointed member of Anhwei provincial committee and commissioner of reconstruction in place of Tsai Ho, who resigned; Ho Chi-wu, sworn into office as mayor of Kweiyang, by Wu Ting-chang, chairman of provincial government (July 2); Huang Hsu-chu, chairman of Kwangsi, arrives in Chungking to report on conditions; Chang Yu-che, director of astronomical research of Academia Sinica, dispatched to Kansu to make arrangements for viewing solar eclipse on September 21; Hsu Kung-su to post of counsellor of embassy in Vichy, and Chu Chih-lo appointed eleve consul at Vichy.

The following appointments were made to the examining committee of higher civil service examinations: Chen Ta-chi, director of provisional office for preliminary tests, and director of examination office for ordinary civil service examinations, and Ho Chi-hung and Wan Tsan also to the provisional committee for preliminary tests of higher civil service examinations. Princess Kao Yu-chu of Lolo tribe appointed head of delegation to visit aboriginal tribes of Yunnan; Wang Chia-chen appointed head of mission to investigate economic, social situation in Hsikang; Ku Yu-hsiu, political vice-minister of education, arrives at Kweichow to investigate educational conditions, following inspection in Chekiang, Kiangsi, Kwangtung, Hunan and Kwangsi. Teng Chuan-shan appointed to membership of Overseas Affairs Committee; resignation of Huang Chung-hsun from Hupeh provincial

government committee accepted; Ma Chao-hsien, member of Shansi provincial committee resigned from post of chief secretary of provincial committee to accept post of provincial commissioner of civil affairs of Shansi; Wang Te-fu, previous civil affairs commissioner in Shensi, resigned.

Cheng Chung-hsing, recently appointed secretary-general of the Control Yuan, appointed director of new newspaper *Hsing Tao Jih Pao*, recently established in Hongkong by Hu Wen-hu, Singapore industrialist and philanthropist. Tsai Meng-chien, chairman of preparatory committee for municipal government, appointed mayor of Lanchow, Kansu; Hsiung Pin appointed member of Shensi administration in place of Chiang Ting-wen, who resigned to accept another post; Tan Shao-hua, recently appointed minister to Brazil, and Cheng Tien-ku, recently appointed minister to Mexico, presented their credentials. Prof. Tseng Chao-lun of National Southwestern Joint University, appointed director of group of biology and geology students who will tour Szechwan and Sikang provinces; Huang Chi-ching and Yang Chung-chien appointed chief technical experts of Central Geological Investigation Institute at Chungking; Chao Chun-shiu appointed to post of assistant director of Agricultural Credit Bureau in place of Tsai Cheng-hsin, who resigned; Wu Tao-nan, special administrative commissioner of 9th area in Kwangtung, resigned to accept another post; Chi Tzu-hsiu to post of special administrative commissioner for 6th area in Shantung; Li Yueh-chiu to post of special administrative commissioner of 7th area in Hupeh; Yao I-chien resigned from Military Advisory Council to accept another post; Huang Tieh-chen to post of director of Kwangsi food control administration in succession to Huang Wei, appointed to another post; Liu Wei-yuan, special administrative commissioner of 5th area in Szechwan, succeeds Chen Ping-kwan, who resigned to accept another post; Gen. Hsiung Pin appointed chairman of Shensi provincial committee in place of Gen. Chiang Ting-wen, who was transferred to another post.

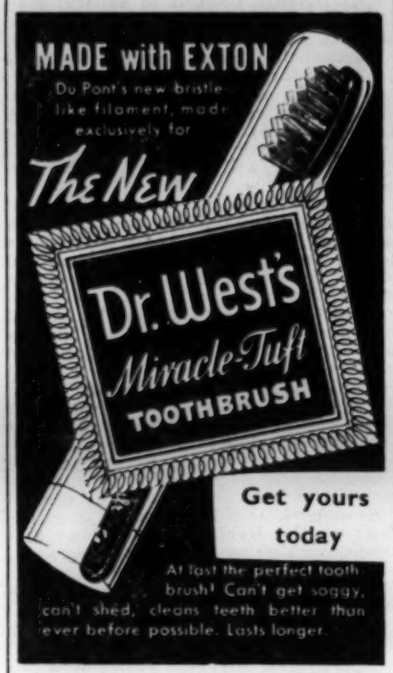
Kao Ping-fang appointed director of the Direct Taxation Department of Finance Ministry; Kuo I-hsin, representative of National Central Library, authorized to make inspection of libraries in Kwangtung province; Lei Yin, administrative vice-minister of interior, completes inspection of local administrative organs in Kwangsi, Kwangtung and Hunan; O. K. Yui, former mayor of Shanghai, appointed political vice-minister of finance; Ku I-chun, acting administrative vice-minister of finance; Ku I-chun, acting administrative vice-minister of finance, in absence of Kuo Ping-wen, who is in London; Ku Shu-sen, director of ordinary education department of Ministry of Education, transferred to Civil Education Dept.; Kwan Chi-yu appointed director of revenue department of Finance Ministry in place of Kao Ping-fang, transferred to another post; Ho Chi-wu appointed mayor of Kweiyang, which recently converted to municipality; Chiang Fu-tsung appointed director of National Central Library at Chungking; Chow Te-hsien, special administrative commissioner of 1st area in Kiangsu, resigned to accept another post; Chung Tao-tsan appointed educational superintendent in Ministry of Education; Ling Chao-yao appointed special administrative commissioner of 4th area of Hupeh; Wu Shang-ying appointed secretary-general of Legislative Yuan; Liu Kwei-hsiang appointed member of Fukien government committee in place of Pao Ke-yung, who resigned; Yu Wang-teh appointed counsellor of Executive Yuan.

Japan Protests Soviet Danger Zones in East

A vigorous Japanese protest against the action of the Soviet Government in designating three danger zones in the Japan Sea and off Petropavlovsk in Kamchatka was lodged in Moscow by the Japanese ambassador, Lieut.-Gen. Yoshitsugu Tatekawa, *Domei* reported on July 18. The protest was based on the contention that the Soviet measure, involving the mining of certain waters, was a menace to Japanese territorial seas and jeopardizes Japanese shipping.

This was the first evidence of strain in Soviet-Japanese relations since the conclusion of the Soviet-Japanese non-aggression and neutrality pact on April 13 of this year.

In Moscow on July 17, S. A. Lozovsky, vice-commissar of foreign affairs, denied reports that negotiations were in progress for cession to the United States of certain Soviet areas on the Pacific for use as military bases.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(Continued from Page 243)

petition to Chungking asking the National Defense Council to appoint Marshal Chang Hsueh-liang commander-in-chief of the Northeastern Army.

Commenting on the recent Japanese cabinet reorganization, Mr. Lattimore said on his arrival in Chungking that the Japanese cabinet crisis was actually a "China crisis." He explained that as long as "Japan continues to fail in China, there will continue to be this series of crises."

Referring to his duties as the personal adviser to Gen. Chiang, Mr. Lattimore said that he did not know exactly the nature and extent of his duties, but added, "I am entirely under the orders of the Generalissimo."

Predicting that Lattimore's arrival may prelude increased aid to China by the United States, Great Britain, and the Soviet Union, **Domei** reported that General Chiang Kai-shek, Foreign minister Quo Tai-chi, U. S. ambassador Clarence Gauss, British ambassador Sir Archibald Clark Kerr,, and Soviet Ambassador Alexander Panaouchkine, will confer on July 26 regarding joint action for more effective aid to Chungking.

Meanwhile, added the report, five divisions of the British air force at Singapore numbering 315 planes were expected to be sent to Kweiyang, Chengtu and other cities in China's interior. A second group of American aeronautical experts was also expected to reach Manila soon, on the way to Chungking.

Commenting on Mr. Lattimore's alleged mission as American meditator between Chungking and the Communists, the Japanese Army spokesman pointed out that the **Central News Agency** reported a series of Kuomintang-Communist clashes, while the Chungking spokesman attempted to belittle them.

The spokesman also pointed out that General Chiang allowed the Reds an army of only 40,000, while at present they total 250,000 regulars, with 600,000 irregulars and guerillas. The Communists with large forces, according to the spokesman, must obtain spheres of influence, thus making clashes inevitable. He added that the food problem was another cause for the conflict, and stressed that even if a prompt compromise is reached between the two parties, friction at the front would remain.

In an outspoken editorial, the Tokyo **Nichi-Nichi** warned Japan to carefully watch American, British, and Soviet attempts to help bring the Chinese Reds into line. The editorial said the alleged plea of Mr. Lattimore for the reappointment of Marshal Chang Hsueh-liang was significant because he is regarded as "the man most suited to bring about an understanding between Chungking and the Chinese Reds." It also pointed to the Comintern's recent order to the Chinese Reds to cooperate with General Chiang in strengthening the war structure despite the loss of their positions.

Kwangtung Released But Another Ship Detained

The Butterfield and Swire steamer Kwangtung, held by Japanese Army authorities since July 10, was released on July 20 when 500 boxes of machinery shipped by Arnhold and Company were removed from the vessel's hold.

The machinery, alleged to be Chungking property, had been loaded aboard the ship from a Bank of China godown and was marked for shipment to the Netherlands East Indies.

Another British ship, the Hilda Moller, was detained at Shanghai on Monday of this week by the Japanese naval authorities, who are conducting inquiries regarding part of a shipment of machinery on board which they believe is destined for Chungking. The cargo in question, it was learned, was destined for a southern Chinese port and for Calcutta.

Recognition of Manchukuo Accorded by Finland

Finland extended formal recognition to Japan's puppet state of Manchukuo on July 18, according to a **Domei** report from Tokyo on July 23. Mr. Hugo Valvanne, Finnish minister to Japan, notified Mr. Li Shao-keng, Manchukuoan ambassador in Tokyo, to this effect, the message said.

THE LATEST NIPPON WAR MOVES

Several happenings in China and Manchuria suggested this week that Japan is making assiduous preparations for a new war. Foreigners in Shanghai intending to visit Japan found that they were unable to secure visas from the Japanese Consulate-General, applicants being told that no visas would be issued for several days. It was surmised that refusal of visas was due to a Japanese desire not to have foreigners witness extensive troop movements believed to be going on in Japan.

At the same time, Japanese army reservists in the Shanghai area were being called up for service. Colonel Akiyama, spokesman for the Army, said reserves were being called to the colors "because Japan needs them to cope with the situation"—what situation, he did not say.

Simultaneously, all Japanese shipping companies in Shanghai ceased publishing their shipping schedules, thus following the example already set by British and American shipping companies.

In the North, regular passenger trains were taken off the Peiping-Fusan (Korea) run, supposedly to enable the railway to handle Japaneses troop movements. And the Manchuria Daily News reported from Mukden that a 48-hour air drill was to take place throughout the Manchurian province of Fengtien, commencing Wednesday of this week. The drill was decided on, the paper said, "in view of the present complicated and uncertain world situation."

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Japanese Resume Chungking Bombing

Bombing of Chungking was resumed on July 18, after a recess of about a week, when a fleet of 27 Japanese naval planes hurled heavier bombs than usual on the Chinese capital. In Shansi and Hupeh provinces, however, renewed activities of Chinese troops are reported, and, according to Chinese field dispatches, Chinese forces recaptured Kwangchi in eastern Hupeh and a number of towns in southern Shansi, apparently to counter the recent Japanese drive into the Chungtiaoshan region.

During the raid on Chungking, one bomb landed on top of the dugout of the British ambassador's hilltop residence, shaking the ambassador and his staff, but causing no injuries. The residence of the ambassador, Sir Archibald Clark Kerr, was also slightly shaken, but was not damaged.

The crowded residential area between the Press Hostel and the city proper was heavily bombed. Although only a few casualties were reported and no foreign property damaged, the much-bombed former French Embassy was again badly hit.

The foreign-styled Chialing House, where most foreigners at Chungking have been staying, was shaken when bombs landed in the vicinity. One incendiary bomb was dropped near the front gate of the building, while another scored a direct hit on the air-raid dugout of the House. Fortunately, there were no casualties.

Wilkins in Chungking

In a radio broadcast at Chungking, Sir Hubert Wilkins, noted Australian explorer and scientist, who recently came there, eulogized the spirit with which Chungking carries on despite successive Japanese raids, saying that Chungking had been bombed and blasted until it reminded him of the ruins of Pompeii.

He asserted that Chungking had been bombed effectively, as far as ruination of public buildings and houses is concerned. "But I should say that it also had been bombed extravagantly.... Apart from the delays which everyone takes in good heart, business in the city goes on at a quiet tempo...."

Revealing the poor aim of Japanese airmen, he said that many bombs fell in rivers or open fields. Despite the intensity of the bombings of the past three years with their admitted devastating effect, Sir Hubert concluded that they have "in no way lowered the morale of the people."

The dynamiting of a Japanese troop train on the Taokow-Chinghwa Railway on July 19 was reported by **Kuo Min**, which said that the train, laden with ammunition, was blasted near the Liho station. The locomotive and three wagons were destroyed, and a number of Japanese soldiers killed.

As a direct sequel to the recent Japanese cabinet reshuffle, approximately 150,000 Japanese troops have been concentrated in the Peiping-Tientsin area and in central Hopei, most of the troops having been withdrawn from Shansi and the Lunghai railway area, **United Press** reported. Meanwhile, mopping-up campaigns against guerrilla bases in Hopei province are reported to have been started.

More U.S. Medical Aid for Free China

Directors of the American Bureau for Medical Aid to China announced on July 19, according to *United Press*, that they had authorized the expenditure of U.S.$228,721 for the support of medical training schools and hospitals in Free China. In addition, they have established an office in New York where American doctors and nurses can apply for work in China.

Of the total sum authorized for expenditure, U.S.$52,928 will go to the Central Emergency Training School at Kweiyang and U.S.$45,000 will be spent for pharmaceutical supplies. Another U.S.$5,000 will go to Madame Chiang Kai-shek for an air raid first aid station in Chungking.

Collection of Aluminum Started in America

According to the German **Transocean** agency, a campaign for the collection of aluminum has been launched in the United States. Housewives, the agency said, are being urged to scan their kitchens for aluminum pots and pans no longer in use and donate them to the armament industry. It is hoped to collect 20,000,000 pounds of aluminum in this way. Seventy-five per cent of this quantity, it was stated, would suffice to produce 2,000 fighter planes or 700 four-engined bombers.

Foreigners are Barred From Japan Railways

After complying with numerous red tape requirements in order to secure Japanese and Manchukuo visas and military travelling permits, foreign travellers in Tientsin, intending to go to Japan, learned on the morning of July 21 that booking offices would not sell railway tickets to foreigners for travel in Japan, *Reuter* reported. Refusal to sell tickets was said to be based on instructions from Tokyo, the report said, but no reasons were advanced for the refusal.

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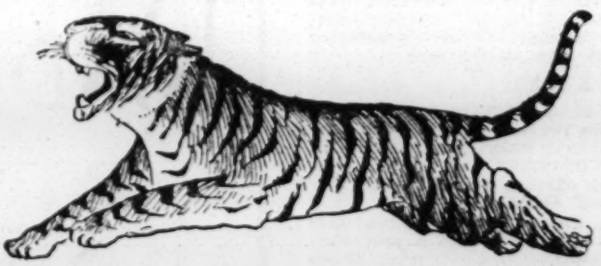

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Decisions of China's Finance Meet

A SUMMARY

In an effort to keep China's finances "abreast with the fighting forces," sweeping financial reforms were decided upon at the Third National Financial Conference held in Chungking last month.

Centralization of finances, one of the nation's greatest needs, was decided upon by the conference and will be accomplished by abolishing the provincial fiscal agencies. National receipts and expenditures will be henceforth canalized through the central and district governments. Provincial assets and liabilities will be taken over by the National Government, which will utilize the assets and pay off the liabilities, thus guaranteeing public credits. Local loan administrative bodies will be abolished.

District Finances

District finances will be safeguarded by assurance that 25 per cent of the inheritance tax revenues, plus 30 per cent or more of the business tax returns, will be turned back by the national treasury to the district governments. The revenues of the districts will be further increased by permission to collect the slaughter tax and business licence fees.

Equal development of the various districts was voted by the conference. This will be achieved by doling out land grants to poorer districts, returning to them surplus incomes accruing from the nationalized land tax, and by giving thinly-populated districts subsidies from the national treasury in accordance with their needs.

New schedules for taxation were also made, first and foremost of which was the nationalization of the land tax and the provision for its collection in kind. Land bureaux are to be formed in the provinces and the districts, while the provincial finance commissioners will be in charge of the registration and the collection of the tax.

Taxes in Kind

Payment of the tax in kind will be based on the regular land tax and surtax of the 1941 fiscal year. Each tax dollar will be translated in terms of two new tou of rice, a measure slightly over one half bushel.

Levies in the nature of transit dues were voted abolished, with a new wartime consumption tax replacing them. Its collection is to be based upon the necessity for consumers' commodities.

The business tax, first enforced in 1931, will be revised. The ways and time of collection, as well as the method of checking up the accounts of tax-paying firms, will probably be changed.

Concerning the food question, the conference's manifesto points out that food scarcity is due to inequitable distribution caused by transportation difficulties, by hoarding, and by greatly increased demands in certain localities, rather than by an actual shortage. The collection of the land tax in kind and the issuance of "foodstuff treasury notes" with which to "borrow" foodstuffs, are designed to alleviate the food problem.

Reformation of the tenant system was stressed as the real way to remove food crises, however. A "land-for-each-tiller" program and the full utilization of the land was reported to be badly needed.

Promotion of foreign trade was advocated through maintenance and improvement of export articles, greater efficiency in the purchase of raw materials, payment of reasonable prices for products, improvement and increase of the volume of traffic, and reduction and unification of export taxes. The manifesto further urged the nation to cooperate in restricting the importation of non-essential goods.

Russian Policeman Killed by Gunman

Political terrorism claimed the lives of Foreign Probationary Sergeant V. B. Simagin of the Shanghai Municipal Police and Mr. Wong Teh-chow, said to be an official in the Nanking-sponsored Peace Preservation Corps.

Simagin was fatally shot in the head by a lone gunman on July 16 while on patrol duty on Majestic Road in the vicinity of McBain and Bubbling Well Roads. The assassin of the 31-year-old Russian officer escaped from the scene of the crime on a bicycle.

Simagin is said by authorative quarters to have died the victim of gangster Woo Su-pao's revenge. Woo, who is Chief of the Special Branch in Wang Ching-wei's local Gestapo headquarters at 76 Jessfield Road, incensed at the shooting of two of his bodyguards who attempted to run the Bubbling Well barricades with his wife in May, vowed over their coffins that he would kill two foreign police officers in revenge. Simagin is the first victim.

Wong Teh-chow, reputedly an official in the Peace Preservation Corps of Sungkiang, was shot and killed by a lone Chinese gunman at Lane 51, Route de Grouchy on July 21. Wong is said to have fled to Shanghai from Sungkiang in an effort to escape terrorists who had previously killed four members of his family and wounded him. He was seeking hospital treatment for his wounds while here.

Wong's assassin who apparently trailed him to his hide-out, was captured by French police at the Avenue Haig barricade when he attempted to shoot his way through to the Western District.

Bridges into Hongkew were closed for five hours on July 21 owing to the appearance of three armed Chinese on Hsingking Li, near North Szechuen Road. The Chinese were believed by the Japanese to be Chungking patriots since they left a hand grendade behind in their flight. They were not apprehended by Japanese search parties.

Dr. Kung Said Ill, Needing Operation

Dr. H. H. Kung, Chinese Finance Minister and Vice-President of the Executive Yuan, is reported to be ill and in need of an operation, although doctors hope this may be avoided. He has been advised to rest for several weeks. In his absence, Gen. Chiang Kai-shek presided over a meeting of the Executive Yuan on July 22.

Japanese Residents Evacuating South Africa

Japanese residents of the Union of South Africa, numbering 30 persons, are about to leave the country, according to Mr. Koh Ishii, deputy spokesman of the Cabinet Information Board in Tokyo, because there is "no business at all." Japanese consular and diplomatic officials will not leave the country.

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Rationing of Gasoline Threatened by Ickes

Unless motorists in the eastern United States reduce gasoline consumption by one-third, gasoline rationing will be introduced, Secretary of Interior Ickes threatened July 19. This threat arises from scarcity of oils in the eastern states owing to the transfer to Britain of several American tankers.

Meanwhile, **Reuter** reports that a 50 per cent reduction in the production of motor cars, refrigerators and household laundry equipment is included in a tentative program drawn up by Mr. Leon Henderson, administrator of prices and civilian supply. Mr. Henderson is also said to have declared that curtailment will soon be extended to other industries. The present stage of the program involves a decrease in motor car production by 20 per cent in the next three months compared with the corresponding period of 1940. The reduction subsequently will be increased to 50 per cent.

The reduction is said to be necessitated by the present acute shortage of industrial raw materials, including steel, nickel and rubber.

Japanese Ships Denied Use of Panama Canal

Ten Japanese steamers, en route home from American ports on the Atlantic, have abandoned attempts to get transit passage through the Panama Canal and are returning to the Orient via Cape Horn instead.

Passage of the vessels through the canal was refused by the American authorities on the grounds that the canal was undergoing repairs. The fact that American ships were passing through the canal at the time led to the belief that work is under way which the United States does not want exposed to spying Nipponese eyes. All attempts by the Japanese embassy in Washington to get permission for the ships to use the canal failed.

Duff Cooper Coming To the Far East

Important changes in the composition of the British Cabinet were announced in London on July 21. Most notable among them are the transfer of R. A. Butler, Under-Secretary of State for Foreign Affairs, to the post of President of the Board of Education (his first senior ministerial appointment), and the transfer of Alfred Duff Cooper from the post of Minister of Information to the Chancellorship of the Duchy of Lancaster.

Mr. Duff Cooper has been replaced as Minister of Information by Mr. Brendan Bracken, private parliamentary secretary to Mr. Winston Churchill, the Prime Minister. He is a newspaper publisher. And Mr. Butler has been replaced as Under-Secretary of State for Foreign Affairs by Mr. R. Law, hitherto financial secretary to the War Office.

Simultaneously it was announced that Mr. Duff Cooper would proceed to the Far East to examine, on behalf of the War Cabinet, present arrangements for consultation and coordination between the various British authorities, military, administrative and political, and to report on ways and means for rendering such arrangements more effective.

In the reshuffle, Mr. Harold Nicolson, Under-Secretary of the Ministry of Information, became governor of the British Broadcasting Corporation, while Mr. Ernest Thurtle, son-in-law of the late Labor M.P., George Lansbury, takes over Mr. Nicolson's former post.

Who's Who in China

Dr. Li Shu-pui, medical practitioner, born in Hongkong, 1903; attended the Peking Union Medical College, Peiping, 1920-1924; Hongkong University, 1924-28; University of Vienna, 1929; Royal

Li Shu-pui
李樹培

College of Surgeons, Edinburgh University, 1930; president of Hongkong University Alumni Association, 1937-38; president of the Hongkong Chinese Medical Association, 1937-39; president of the Hongkong Young Men's Club, 1938-41; director, Rotary Club of Hongkong, 1940-41; hononary consulting surgeon of the Hongkong Sanatorium and Hospital, 1931-41; now Associate of the Li Clinic, Hongkong. Address: The Li Clinic, Bank of East Asia Building, Hongkong.

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Hankow Concession Out Of Bounds to Japanese

Japanese residents in Hankow have been forbidden by their consul-general to enter the French Concession there, according to a **Domei** report. The prohibition, effective since July 21, was a measure taken in order to expedite the settlement of the July 12 incident arising from the shooting of a Japanese naval employee by French Annamite constables, it was stated.

Full responsibility for the affair has already been admitted by the French Municipal Council in Hankow, a Japanese naval spokesman announced July 18. The spokesman stated that the French authorities conceded that the six Japanese involved were attacked by an Annamite policemen. They are said to have desired a swift settlement of the incident through the Japanese Consul-General in Hankow.

Contradicting his previous announcement, a Japanese Naval spokesman in Shanghai denied that formal demands had been made on the French authorities. The earlier demands were alleged to be only contemplated measures.

U.S. to Build 83 Tankers, Mostly for Britain

A tanker fleet of 83 vessels totaling 894,000 tons will be built under the supervision of the United States Maritime Commission between August 1, 1941 and December 31, 1945, according to announcement from Washington. First of the new tankers will slide down the Sun Shipbuilding Company's runways in February, 1942. Of the total number of ships, which are to cost $223,524,500 to build, 72 will be handed over to Britain.

PEOPLE IN THE NEWS

A. T. Hull, Pathe Newsreel cameraman in the Far East, arrived in Shanghai last week from Singapore.

•

First Lieutenant James Wilson of Schenectady, N. Y., has been appointed assistant U.S. military attache at Chungking.

•

Major-Gen. C. M. Maltby, new general officer commanding British forces in China, arrived in Hongkong from Singapore on July 18.

•

William Dunn, Far Eastern director of the Columbia Broadcasting System, who has been in Shanghai for some time, departed for Manila this week.

•

Karl Eskelund, correspondent for **United Press** in Indo-China, who returned to Shanghai some time ago, has been transferred to Peiping where he will be stationed in future. Mr. and Mrs. Eskelund departed for Peiping this week.

•

Wang Ching-wei, head of the Nanking regime, telegraphed Gen. Franco of Spain on July 19, expressing his best wishes for the prosperity of Spain, the occasion being the Spanish national holiday.

•

Mitsura Tanaka, consul attached to the local Japanese Consular Court, departed for Tokyo by air on July 20 to consult with officials of the Japanese Ministry of Justice regarding problems within his jurisdiction. He is expected to return to Shanghai after two weeks.

•

The son of Dictator Josef Stalin, serving as a lieutenant in a Soviet infantry regiment, has been taken prisoner by the Germans according to the Helsinki correspondent of a Budapest paper.

•

A. T. Steele, correspondent for **Chicago Daily News**, who has been in Shanghai for several weeks, departed on Saturday, July 19 for Moscow, where he will cover the Russo-German war. Mr. Steele will travel to Moscow by way of Chungking, Hami, Alma Ata and Novosibirsk.

•

Lieut.-Colonel Chennault of the U.S. Army Air Corps, who arrived in Hongkong recently, departed for Chungking on July 18. He will supervise the training of Chinese pilots and the handling of new fighter planes and bombers recently sent to China from the United States. Col. Chennault has been in China previously.

•

Word was received in Shanghai last week of the death of Pilot Officer William Alexander Munro Halley, R.A.F., aged 18, who was the son of Mr. and Mrs. Alexander Munro Halley of Shanghai. Mr. Halley, Sr. was formerly connected with Theodore and Rawlings of this city. Young Halley was killed in action early in May.

•

M. L. Muto, a Japanese, who is director of the Information Bureau of the Manchukuo State Council at Hsinking, declared in the course of a press conference on July 11 (**Transocean** account) that "while Germany is hated by some nations and loved by many others, the Soviet Union is unanimously hated by all, including the United States, notwithstanding the present attitude of the Government in Washington." Continuing, Mr. Muto declared that Germany's war against Bolshevism met with the approval of the whole world. He also said that it was not necessary for Manchukuo to adopt any new measures "because the country had been in a state of mobilization for the past eight years."

The engagement was announced in London on July 11 of A. W. Burkill, former resident of Shanghai, to Mrs. Catherine Isabelle Skinner. Mr. Burkill was Vice-Chairman of the Shanghai Municipal Council in 1911-1912-1913-1914, and on several occasions served as chairman of the ratepayers meeting.

•

Senator H. H. Schwartz, Democrat of Wyoming, declared in the U.S. Senate on July 20 that Los Angeles could be completely wiped out from the air because anti-aircraft defenses were completely lacking. Senator Albert B. Chandler, Democrat of Kentucky, said the Japanese could "park an aircraft carrier out there. You haven't got an anti-aircraft gun along the entire Pacific coast. I have been all up and down it and you haven't any defenses."

•

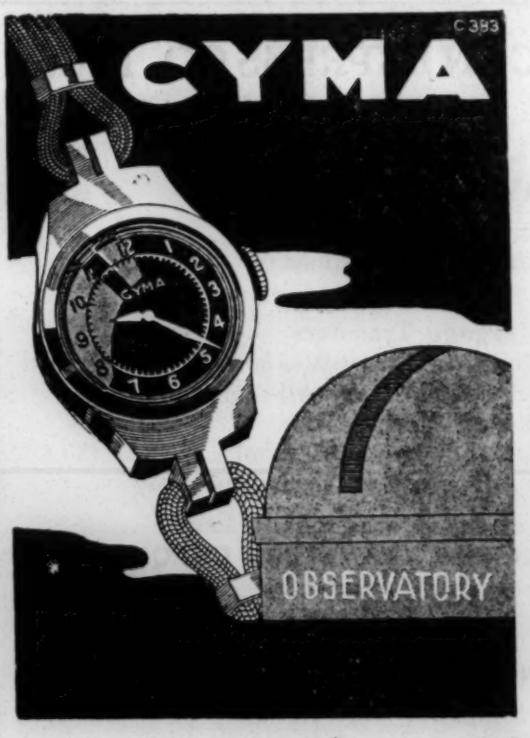
Dr. Evan Morgan, D. D., who died in London recently, spent more than 50 years as a mission worker in China and was widely known. He was born in 1860 and came to China in 1884. He died on July 15. He first was stationed in Taiyuanfu, capital of Shansi, but happened to be in Shanghai on a visit when that city was looted and partially burned in the Boxer uprising of 1900. He was also stationed at Sian, capital of Shensi, for several years. He came to Shanghai later and resided here for many years. He was president of the Royal Asiatic Society and edited the journal of the organization for several years. He had an excellent command of the Chinese language. He was a member of the English Baptist Mission. Dr. Morgan returned to England in 1934 and resided there until his death.

G. Godfrey Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council, departed on Friday, July 18 for Japan on vacation. R. T. Bryan, Municipal Advocate, will serve in the Council in Mr. Phillips' absence. Major K. M. Bourne, Commissioner of Police, also is scheduled to depart from Shanghai shortly on vacation. He will go to Canada to visit his children, who are in school there. Capt. H. M. Smythe, O. B. E., Deputy Commissioner, will serve in Major Bourne's absence.

The Rt. Rev. Gouverneur Frank Mosher, 69, former Protestant Episcopal Bishop of the Philippines, and for many years engaged in mission work in China, died at Midtown Hospital, New York City, on July 19. Bishop Mosher was stationed in China from 1896 to 1920, when he was appointed Bishop of the Philippines. While in China he edited a handbook of China missions. He was a native of Stapleton, N.Y., and is survived by his wife and a son, Lieut. John Mosher of the U.S. Naval Reserve, who is stationed at Singapore. Bishop Mosher is also survived by a brother, Carol L. Mosher, and a sister, Mrs. Franklin Knight.

•

Wong Lee Choy, 21, who recently arrived in the United States from Halifax, drew order No. 1 in the No. 1 New York draft board in the second conscription lottery held in the United States on July 18. However, Wong will not have to serve in the U.S. forces because he is not a citizen of the country. He said he already had served in the Chinese army and would be glad to have an opportunity to fight the Japanese again. He is employed in a bakery in New York, and said he had a wife and two children in China. The first persons drawn in both New York and Chicago in the first conscription draft were also Chinese, but both were native-born American citizens.



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EVENTS IN BRIEF

The passenger fare on the Hongkong-Chungking C.N.A.C. plane has been increased from CN$960 to CN$1,800, according to report from Chungking on July 20. The report stated that fares on other lines also would be increased shortly.

•

The staff of the Chinese Embassy consisting of 10 persons, who were withdrawn from Berlin when China broke off relations with the Nazis, arrived in Barcelona, Spain on July 19. They plan to return to China by way of Portugal and the United States.

•

The national debt of the Japanese puppet state of Manchukuo at the end of June, amounted to $1,960,000,000 in Manchurian currency, of which sum $772,000,000 was owed to Japan, according to a German **Transocean** report from Hsinking on July 18.

•

A Chinese art exhibit which had been sent to a Russian art exhibition at Leningrad before the outbreak of the Russian-German war, has been removed to a place of safety, according to a **Kuomin** report from Chungking on July 19. The exhibit was sent to Russia by the Sino-Soviet Cultural Association of Chungking.

•

According to the New York newspaper **P.M.**, quoted in a Domei dispatch, the 31,000-ton British battleship H.M.S. Malaya has gone back to duty in the Atlantic after undergoing extensive repairs in the Brooklyn navy yard at New York. The Malaya was the first British warship to be repaired in America.

•

The American Export Air Lines announced at New York on July 19, that the company had received permission to establish an air passenger and mail service between New York and Lisbon, beginning in October or November. The planes will stop at Bermuda both ways. Heretofore Pan-American Airways has had a monopoly of Trans-Atlantic air traffic.

•

A Gallup poll last week revealed that 61 per cent of the people of the United States approved American occupation of Iceland, while 20 per cent disapproved and 19 per cent declined comment. In another Gallup survey, 56 per cent of the general public voted in favor of American naval convoys for ships carrying war supplies to Britain, 35 per cent opposed such action and nine per cent had no opinion.

•

A group of men sent by the Nanking regime broke into the premises of the Chinese Ratepayers' Association at 59 Hongkong Road on July 18 and took possession. Warning that such action would be taken was delivered to the Association in March of this year. Shortly thereafter the premises were closed when the principal members of the Association departed for Chungking.

•

Four men and two women, who were among 33 persons arrested on espionage charges in the United States, pleaded guilty to espionage on behalf of Germany, in New York on July 19. Another woman in the group, pleaded guilty to failure to register with the State Department as a German agent. Another man had previously pleaded guilty at an earlier hearing. Twenty-five pleaded innocent and will stand trial on September 3, although 14 reserved their right to change their plea to guilty. Those who have plead guilty will be sentenced on September 3.

The so-called East Chekiang Salt Control Bureau, which was set up by the Japanese military authorities following the occupation of Ningpo and other Chekiang ports, has announced plans for expanding its activities to Yuyao and Chinhai. According to **Domei**, some 2,000,000 piculs of salt are produced annually at Yuyao and Chinhai.

•

The Sino-German Cultural Association at Nanking staged a party on Friday, July 18 in commemoration of the recognition of the Nanking Government by eight European countries, all controlled by the Nazis. According to the **Shanghai Mainichi**, more than 300 persons attended the function.

•

The Ministry of Foreign Affairs at Chungking announced on July 20 the early establishment of a Consulate-General at Lisbon, capital of Portugal. The Ministry also announced the closure of the Chinese Legation in Denmark, but stated that the action would not affect Sino-Danish relations. The decision to open a consular establishment at Lisbon was based on the present importance of that port in connection with trans-Atlantic air transport and communication.

•

The **Tairiku Shimpo**, Japanese army organ published in Hongkew, said that the Shanghai Special Municipality, in cooperation with the Japanese Army and Navy and the Japanese consular police, had initated on Monday, July 21, a general roundup of all stray dogs in the area controlled by the Japanese military authorities. Owners of dogs in the district were instructed to arrange for immediate anti-rabies inoculations for their animals. The drive will be continued until the end of the present month.

•

New restrictions on telegraph service were announced in Japan on July 19, effective July 25. As and from that date no telegrams of felicitation, condolence or other non-urgent messages were to be accepted for transmission, while the length of Japanese and foreign language press messages within the country will be limited to 500 letters and 100 words, respectively. There will be no more telegrams with replies prepaid or messages requiring acknowledgment of receipt.

•

It was announced in Chungking on July 9 that China National Aviation Corporation was planning to open a new route between Kweilin, capital of Kwangsi privince, and Manila. A trial flight will be held shortly, according to **United Press** report. It was thought that a new Douglas DC-3 type transport plane would be used for the flight. An earlier report stated that the flight might be made from Shuichow, wartime capital of Kwangtung.

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Two Japanese Military Attaches, Lieuts.-Col. Masaaki Shinoo and Juichi Kishimoto, who were stationed in Berlin and recently returned to Japan with the Japanese military mission which spent several months in Germany and Italy, stated upon arrival in Shimonoseki on July 14, that German fighter planes are superior to British planes. They claimed that the German Heinkel HE-113 model scouting planes were highly efficient while the Messerschmitts were superior to the British Spitfires. Lieut.-General Tomoyuki Yamashita, who headed the military mission, was scheduled to make a detailed report on his findings to the Japanese Cabinet on July 15.

•

Myrl S. Myers, U. S. Consul-General at Canton, has ordered an investigation of a report that two Japanese firms in that city had placed on sale several hundred sacks of cracked wheat which had been sent to China as a gift of the American Red Cross. It was thought that the Japanese firms had obtained the wheat from Japanese military contingents which had conducted raids in the Chungshan and Toishan districts in the Canton delta region and had carried away considerable quantities of food products. According to a dispatch from Canton, the American Consul-General had asked the Japanese Consul-General in Canton to investigate the matter and have the wheat returned to the American Red Cross if possible. This was said to be the first case where food products distributed by the American Red Cross in China had been diverted from the use for which they were intended by the donors in the United States. It was stated that the incident had been reported to the headquarters of the Red Cross in Washington, D. C., by the Red Cross Committee in Hongkong which had the matter under investigation.

Leland Stowe has been appointed correspondent in the Far East for the **Chicago Daily News** in place of A. T. Steele, who has been transferred to Moscow. Mr. Stowe was formerly head of the **New York Herald-Tribune** bureau in Paris, but joined the **Chicago Daily News** at the beginning of the war and covered the fighting in Norway and Finland.

•

Chinese merchants interested in the manufacture of cotton goods at Shanghai and Hongkong, according to the **Shun Pao**, have organized a delegation which will shortly visit Bombay, India for the purpose of investigating the market in India for Chinese cotton goods. The report stated that the production of cotton goods in India had been curtailed as a result of the war and as a result inquiries had been received by Chinese mills in both Shanghai and Hongkong. The Chinese merchants will visit Netherlands Indies while on the trip.

•

Shanghai is passing through the throes of two popularity contests, one staged in the Russian community at the Arcadia Garden and the other scheduled for the Argentine night club. The one at the Argentine was expected to appeal to the Chinese and international communities. The contest at the Arcadia, which was held on Thursday night, July 10, resulted in the honor going to Miss Faina Hablieva, who will be known as "Miss Shanghai 1941." Those receiving second and third highest numbers of votes, who will be designated "Princesses to the Court of Miss Shanghai," were Miss Asya Grubel and Miss Tamara Melnikova. The contest was held under the auspices of the Russian Artists Association and a percentage of the proceeds from the sale of tickets will be devoted to endowing a bed in the Russian Hospital and other charitable projects.

Richard Watts, Jr., dramatic critic and columnist on the **New York Herald-Tribune**, arrived in Chungking this week and is planning to fly to Moscow. Mr. Watts has visited China on two previous occasions since the outbreak of Sino-Japanese hostilities.

•

According to a **Transocean** report from Budapest, Bela Kun, head of the short-lived Hungarian Soviet Republic in 1919, has fallen into the hands of "counter-revolutionary" Ukrainians in the course of the present Soviet-German fighting. Bela Kun was believed to have been killed in one of Stalin's blood purges several years ago, but according to the German report he was sent to the Ukraine recently by the Moscow authorities to "restore order."

•

Miss Martha Constance McCracken, daughter of Dr. and Mrs. J. C. McCracken of Shanghai, was married on June 21 to Calvin Dodd MacCracken, son of Dr. Henry Noble MacCracken president of Vassar College, and Mrs. MacCracken. The ceremony was performed by the Rev. Dr. John Lyon Caughey, formerly pastor of Community Church, Shanghai, who is now pastor of the Presbyterian Church in Glens Falls, N. Y. The bride was given in marriage by her brother, Dr. Posiah Calvin McCracken, Jr., of Ventnor, N. J. Mrs. Hoagland B. Barcalow of Chicago, twin sister of the bride, was matron of honor, and Miss Joan Davidson, maid of honor. Other bridal attendants were Mrs. Allan Cramer of Cleveland, another sister of the bride; Mrs. Joseph R. Dodson of St. Cloud, Minn., who formerly was Miss Peggy Hendry of Shanghai; Miss Priscilla Silvers of Ventnor, N. J., and Miss Ellen Kent Magill of White Plains, N. Y. Walter Fitch Petitt of Princeton, N. J. was best man. The marriage ceremony was performed in Vassar College chapel at Poughkeepsie, N. Y.

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New Books of Interest in the Far East

Confessions of a Spy

OUT OF THE NIGHT—By Jan Valtin; Alliance Book Corporation, New York; Price, U.S.$3.50; 749 pages.

American reader reaction to German ex-Communist Jan Valtin's (Richard Krebs') best seller "Out of the Night," now that Soviet Russia has been accepted by the United States and Britain as a front-line collaborator in the Democracies' battle to crush Hitler Germany, should be an interesting psychological phenomenon.

While ex-Comintern terrorist Valtin devotes much of his autobiographical novel to an expose of Nazi intrigue and Gestapo brutality, he does not pull his punches in condemning the selfish policies of the present Stalin-dominated Third International. His revelations regarding the international sabotage and cold-blooded "liquidation" methods of the G.P.U. in foreign countries throughout the world must raise some doubts in the conservative reader's mind as to which is the greater menace to the United States, International Communism or Nazism.

At the outset, the reviewer should point out that some doubt as to the authenticity of the book's incident has been cast by a portion of the press in the United States. The New York newspaper **PM** published what purported to be an exposure of the author based on an investigation made by one of the paper's staff writers. While the **PM** investigator did not attempt to discredit the book as a whole, he did strip the melodramatic glamor from at least one chapter in which Valtin represented himself as the avenging angel of the G.P.U., ordered to liquidate a former Communist in Los Angeles who had betrayed the party. After spending the greater part of one chapter in expressing his spiritual misgivings at the disagreeable task of assassination assigned to him, the author describes the actual bungling attack as follows:

"In a daze, clumsily, I tackled the assignment, in a manner that would have drawn contemptuous jeers from Hugo Marx and the fatuous Felix Neumann. I found the man whom Getsy's spies had tracked down, and assaulted him in broad daylight off a crowded street, knowing beforehand that the assault would end in failure. I struck him once with the butt of a revolver, in a gesture of violence that was more a blundering appeasement of a perverse sense of duty than the expression of an intent to destroy. My astonished quarry roared for help, and I ran like a man in a trance, vaguely aware of the fact that I had not even made the least preparation for a successful getaway."

Valtin was captured by a truck driver, reinforced by three barbers who had been roused by the victim's cry for help.

According to **PM's** account of the same incident, Valtin entered a Jewish tailor's shop, got into an altercation with the proprietor over the price of a suit, hit him over the head and ran away with the clothing. He was sentenced to from one to ten years in San Quentin for assault and robbery, and was released after serving three years of his term.

Perhaps the Jewish tailor was a Communist traitor, which would hardly appear in the prison records of San Quentin, or perhaps Valtin badly needed a suit of clothes. At any rate this minor discrepancy of fact need not detract materially from the absorbing reader-interest in the novel of which H. G. Wells wrote: "An exciting, real book without a trace of unnecessary melodrama." The reviewer would be inclined to term Mr. Wells' comment a triumph of understatement. "Out of the Night" is crammed with drama and melodrama, but for that matter many of the more sensational works of the prolific and celebrated English author's output make anything but prosaic reading.

The life of Jan Valtin, as portrayed in "Out of the Night," is the life of a Communist working as an agent for the Comintern on such farflung assignments as Shanghai and Copenhagen, London and San Francisco, Paris and Berlin. The author takes part in and helps to direct every type of international political warfare and economic sabotage from pouring sand in the bearings of the machinery of ocean liners to helping in organizing the abortive Communist attempt to seize the government of Hamburg in December, 1923.

The author bitterly delineates the mistaken Comintern policy of Communist cooperation with the Nazis in the nineteen-thirties in a joint effort to destroy the Social Democratic Party, whom the Third International regarded as Communism's most formidable enemy in Germany. Discounting the potentialities of Hitler's fanatical followers, the German Communist Party assisted the Storm Troopers in acts of terrorism and sabotage against the Socialists, thus paving the way for the ousting of the latter and the eventual annihilation by the Nazis of the Communists once they had used them as a stepping-stone to power.

In the chapter entitled "The Swastika Casts Its Shadow," Valtin writes: "In the spring of 1932 a working alliance between the powerful Socialist and Communist parties of Germany would have dammed the tide and thereby changed the course of world history. This conviction grows out of my experience as an active participant in one of the embattled armies, for it is as such that I am writing of the events preceding the rise of Hitler to power and not as a would-be objective historian or eye-witness."

Valtin was captured by the Gestapo on November 30, 1933 in Hamburg, betrayed by a former Comintern agent who had turned Gestapo spy. Description of his own torture and the torture which he witnessed inflicted on other political prisoners by the muscle men of the Gestapo could scarcely be matched in any accounts of the Spanish Inquisition.

The author escaped from prison by pretending to become a spy in the service of the Gestapo. In the latter capacity, he furnished the German secret police with false or ante-dated information while actually still working with and for the Comintern. This dual role eventually became untenable and Valtin fled to the United States. For this una-

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In the United States Court for China

AGAPITO YRABDOLAZA CELIS, *Plaintiff,* vs. TACIANA LAGUADOR CELIS, *Defendant.*	Cause No. 4598 Civil No. 2477 ORDER Filed at Shanghai, China, July 3rd, 1941. WILLIAM T. COLLINS Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, Messrs. Rodger & Wiener, has this third day of March, 1941, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 3rd day of July, 1941, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 3rd day of July, 1941, the plaintiff herein filed an affidavit to the effect that the defendant is a non-resident of this District, and that defendant's last known address was Lucena, Tayabas Province, Philippine Islands.

NOW THEREFORE, it is this 3rd day of July, 1941, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 26th day of July, 1941, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court,

MILTON J. HELMICK,
Judge.

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voidable defection, Ernst Wollweber, under-cover leader of the German Communist Party, betrayed Valtin in a secret Communist publication as "one of the most important spies of the Gestapo."

Valtin reveals his most human side in his love for Firelei, a Flemish girl whom he converted to membership in the Communist Party. When Valtin was arrested by the Gestapo, his wife was also seized and imprisoned, only to be released and held as a virtual hostage in Germany when Valtin was sent by the German secret police to Copenhagen as a spy.

When the author was forced to flee to America from Nazi and Communist vengeance, Firelei was again imprisoned. She died of unknown causes in December, 1938.

Any implied or expressed aspersions by the reviewer on the factual integrity of "Out of the Night" should not prevent anyone from reading the book. Fact or fiction, it is fascinating reading. The fluency of its literary style leads one to suspect that a ghost writer and an accomplished one may have had a hand in at least polishing the original manuscript. Rumor has it that one of the American authorities on Soviet Russia, Isaac Don Levine, and Drew Pearson were associated with the book's preparation.

The latest information in Shanghai about Valtin was contained in a **United Press** dispatch under Washington dateline of March 28 which read as follows: "The Justice Department announced today that Richard Krebs, who wrote the best seller 'Out of the Night' under the name of Jan Valtin, has been taken in custody in New York City on a warrant instituting deportation proceedings against him.

"The department said that the German-born Krebs, who was deported from this country once in 1929, would be taken to the Ellis Island immigration station, where he will be held in $5,000 bond.

"The department said that, when questioned by officers of the immigration and naturalization service, Krebs admitted that he re-entered the United States illegally March 6, 1933, by jumping the ship Ary Lensen at Norfolk, Virginia, after he had been ordered to remain on board by immigration inspectors.

"Krebs also admitted, the Justice Department said, that he had served a three-year sentence from 1926 to 1929 at San Quentin Prison in California for assault with a deadly weapon.

"The alien also said that he joined the Communist Party in this country in 1923, but maintained that he had quit the party in 1937, prior to his illegal entry into the United States, the department said. Krebs was deported to Germany December 9, 1929, after his release from San Quentin."

No word has been received here subsequently as to the disposition of Krebs' case. Wanted by both the G.P.U. and the Gestapo on charges of being a traitor, his deportation to either Germany or Soviet Russia would probably be tantamount to execution.

V. K.

No Negotiated Peace, Says Dr. Quo Tai-chi

China will not sign any negotiated peace, even if the United States acts as mediator, Dr. Quo Tai-chi, Chinese foreign minister, declared at Chungking in an interview with *United Press* on July 16 in which he denied a report that Germany had attempted to bring about a Sino-Japanese settlement just prior to recognizing the puppet government of Wang Ching-wei.

"It is my belief," Dr. Quo declared, "and this is the view of our government, that settlement of the Sino-Japanese war now must be part of the world-wide post-war settlement. It certainly ought to be clear to everyone now that the wars in Europe and Asia are one."

Dr. Quo expressed the view that America's failure to halt oil shipments to Japan smacked of an appeasement policy. He understood why this was not done, but appeasement policies always boomerang in the end, he asserted.

Unidentified Bombers Seen Over Saigon

Two unidentified bombing planes were observed flying over Saigon, principal city and port of southern French Indo-China, on the morning of July 20, according to a *Reuter* report from that city. The machines flew over the city for 20 minutes at a height of about 15,000 feet, it was stated.

A *United Press* report from Hongkong on July 21 said that a convoy of 15 Japanese transports and supply ships was sighted off Lantao, outside British territorial waters, on the same day that the bombers appeared over Saigon. The convoy was believed to be moving southward from the Pearl River delta.

Observers in Singapore (*Reuter*, July 21) expect "something to materialize" in French Indo-China shortly. The trip to Hanoi, capital of the French colony, by Admiral Decoux, the governor-general, is believed to foreshadow some new development, because the Japanese military mission is located in Hanoi.

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